

JPRS-WER-86-047

15 MAY 1986

West Europe Report

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

15 MAY 1986

WEST EUROPE REPORT

CONTENTS

POLITICAL

FEDERAL REPUBLIC OF GERMANY

Bonn Believes Gorbachev's Power Not Fully Consolidated (FRANKFURTER ALLGEMEINE, 15 Feb 86).....	1
Noelle-Neumann Sees Changes, Continuity in German Character (Elizabeth Noelle-Neumann; FRANKFURTER ALLGEMEINE, 28 Feb 86).....	4
Social, Political Background of Green Elite Studied (Helmut Fagt; DAS PARLAMENT (AUS POLITIK UND ZEITGESCHICHTE); 15 Mar 86).....	9
Improvement Expected in FRG-Czech Relations (Viktor Meier; FRANKFURTER ALLGEMEINE, 7 Apr 86).....	36

GREECE

Realism Seen Suppressing Anti-Americanism (TO VIMA, 30 Mar 86).....	39
--	----

NORWAY

Two Polls Confirm Gains by Labor Party (ARBEIDERBLADET, 22 Feb 86; AFTENPOSTEN, 1 Mar 86).....	41
Markedsdata: Eight-Year Labor Record	41
Gro Harlem Brundtland Comments	42
Conservatives Maintain Election Figure	42

PORTUGAL

PCP's Cunhal: Failure of 'Democratic Left' Concept (Alvaro Cunhal Interview; DIARIO DE LISBOA, 27 Mar 86).....	45
Papers Report on Dissension Within PCP (O JORNAL, 28 Mar 86; SEMANARIO, 27 Mar 86).....	52
Militants Sign Dissenting Document	52
PCP Maintains Relative Strength	53

MILITARY

EUROPEAN AFFAIRS

French Armament Industry Studies Nordic Market (Alexandra Schwartzbrod; L'USINE NOUVELLE, 13 Mar 86)...	55
--	----

FEDERAL REPUBLIC OF GERMANY

Costs, Consequences of Early Retirement Still Disputed (Wolfgang Hoffmann; DIE ZEIT, 28 Mar 86).....	61
---	----

GREECE

French Aircraft Electronic Equipment Purchase (ETHNOS, 29 Mar 86).....	65
---	----

ITALY

New Rules on Conduct, Discipline (LA REPUBBLICA, 20 Mar 86).....	66
Briefs	
Senator Urges Carrier Aircraft	68
Conscripts' Pay To Double	68

NETHERLANDS

Overhaul of Military Personnel Management Practices Urged (J. Schaberg; NRC HANDELSBLAD, 28 Mar 86).....	70
---	----

ECONOMIC

EUROPEAN AFFAIRS

Paper Reports on Italian Acquisitions in France (Mario Romano; LE NOUVEL ECONOMISTE, 14 Mar 86).....	73
Italian, Spanish Holding Companies Sign Agreement (Alain Wasmes; LES ECHOS, 2 Apr 86).....	75
Guillaume Helps Kiechle Fight EC Agricultural Price Increases (WIRTSCHAFTSWOCHE, 4 Apr 86).....	77

BELGIUM

Politicians Comment on European Monetary Realignment (LE SOIR, 8, 9 Apr 86).....	79
Eyskens on Consequences, Mark Eyskens Interview Reaction of Other Parties	79 80

FEDERAL REPUBLIC OF GERMANY

Growth of Munich's 'Silicon Valley' Causes Local Concern (Walter Ludsteck; SUEDEDEUTSCHE ZEITUNG, 14 Feb 86).....	82
Editor Analyzes Stoltenberg's Performance in Finance Ministry (Wilfried Herz; WIRTSCHAFTSWOCHE, 4 Apr 86).....	85

FRANCE

Decline Continues in Construction Industry (Henri Gibier; LE NOUVEL ECONOMISTE, 21 Mar 86).....	89
--	----

GREECE

Deep Changes Seen Planned for Public Enterprises (TO VIMA, 30 Mar 86).....	91
Inflation, Deficit Seen Rising in 1986 (I AVYI, 1 Apr 86).....	93

NORWAY

Industry Organization President: Oil Prices Threaten Growth (Kjell Aaserud; AFTENPOSTEN, 6 Mar 86).....	94
--	----

SPAIN

U.S. Military Withdrawal Seen Harmful to Universities (Lluís Amiguet; LA VANGUARDIA, 23 Mar 86).....	97
EL PAÍS Foresees End to Industrial Subsidies (Enric Gonzalez; EL PAÍS, 6 Apr 86).....	101

POLITICAL

FEDERAL REPUBLIC OF GERMANY

BONN BELIEVES GORBACHEV'S POWER NOT FULLY CONSOLIDATED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Feb 86 p 4

[Article by C.G.: "Bonn Sees Moscow's Efforts Aimed More at Preservation of World Power Than at World Revolution"]

[Text] Bonn, 14 Feb--In Bonn's estimation, Soviet party chief Gorbachev is doing a balancing act between the shrinking significance of ideology, the priority goal of retaining control of a monolithic party, and importantly also of maintaining the world power's international weight, and a comprehensive modernization of the society. Effects on Moscow's western policy are therefore expected in Bonn. At the Moscow party conference which starts 25 February, the course being set for the next 10 to 20 years of Soviet policy could become recognizable, according to conjectures in Bonn, in initiatives from which conclusion could be drawn even as to the GDR's leeway in its dealings with the Federal Republic.

Starting-point for such considerations is the assumption that Gorbachev must overcome the stagnation in the fields of the economy, of ideology, of management and of technology. If he does not succeed in this, the economic basis will be too narrow to support the defense expenditures. It seems that Gorbachev, like the military strategist Ogarkov, is giving priority to the economy, because to fulfill the armed forces' financial wishes would indeed in the short run result in having the most modern army, but thereafter in being unable to pay for it and continue to keep it up to date. To avoid a situation in which the prescribed military programs would have to be cut for lack of resources, as well, Gorbachev is said to be interested in international agreements, which must not, however, reduce the Soviet Union's world standing, on the continents and on the oceans, which is recognized by Washington as equal. Maintenance of world power is more important for Moscow under Gorbachev than proposing world-revolutionary goals, in Bonn's opinion.

Gorbachev is still in the power-consolidation phase. Otherwise than with his predecessors, he has arrived at the top as a loner and was first of all anxious to smash any possible coalitions against himself. In doing so he has thus far spared the general-staff chief Akhromeyev and the defense minister Sokolov. Gorbachev, it seems, reached the limits of his personnel policy in the Ukraine and in Kazakhstan: the party organizations there, contrary to Gorbachev's wishes, did not get rid of their leaders. To Bonn's way of

thinking, things are still in flux. Pragmatism seems to be recognizable in Gorbachev's procedure of approving only data and objectives that have been reduced relative to previous proclamations in formulating development plans for the economy to the year 2000. Moscow, it is said, needs western technical knowledge for improving its management and pulling its great industrial complexes together. The managerial reform is to be in place in 3 to 5 years, if Gorbachev has his way. A reorganization is all the more necessary, it seems, because of the falling oil revenues.

In its policy toward the West, Moscow is guided in its campaign against the SDI less by concern with regard to American defense systems, in Bonn's estimation, than by the objective of preventing the West from creating the opportunity for a plethora of SDI-technology applications in the civilian and conventional-military fields. In the SDI case, Moscow also wants to undermine Reagan's political basis for the upcoming talks, precisely because of the institutional struggles to be expected in the Soviet Union before the realization of Gorbachev's programs. Gorbachev, it is said, wants to weaken the western alliance with the lever of influencing Western Europe. An effort is consequently to be made to bring the West around to Moscow's point of view with an eye to easing the intra-Soviet power struggles, as well. Gorbachev's disarmament proposals for medium-range weapons and respecting the demand that Washington renounce SDI also served this end. In this, Moscow will in the future probably make less use of the flagging "Peace Movement" in Western Europe, but will rather seek influence on individual parties; Gorbachev, it appears, does not wish to operate "in the streets of the Federal Republic," but rather through the exploitation of parliamentary antagonisms.

A connection is seen in Bonn to East Berlin's visitor diplomacy. The reminder is given that People's Chamber president Sindermann has also appeared as Honecker's forerunner in Japan, Syria and Greece. Now the GDR, it is assumed, wants to flaunt the laurels of Sindermann--and later Honecker, will push for Gorbachev's disarmament plans in Bonn and then exhibit this to the Soviet Union. Gorbachev's actual agreement to a Honecker trip must depend, from Moscow's point of view, on whether such additional support for the Soviet Union's western policy seems useful. The Soviet ambassador in the GDR seems at present to be behaving sceptically.

In Bonn's estimation, the Soviet Union reacts sensitively to every even apparent vibration of the basis on which the group of Soviet forces in Germany rests, making visible, by its presence on the GDR's soil, a strategic claim in Europe as against the United States. The Soviet Union appears to be reckoning with greater-German sentiment in the GDR, and to be watchfully observing whether Honecker's assurances of keeping every conceivable development under control can be trusted. In Bonn's view, Moscow continues to reckon with the vitality of the German nation. However, if Moscow's goal of strengthening the Soviet conventional preponderance in Europe through offers of denuclearization is so entwined with East Berlin's relations with Bonn that the chances for success of Gorbachev's concept would be furthered by a West German resonance, then Bonn expects a yes to Honecker's travel plans. Their conformity, in timing and in the expected result, with Moscow's concept is seen as decisive.

As Bonn sees it, Moscow is convinced Europe's political future will be decided in Germany. Therefore, Gorbachev's staged plan for medium-range weapons is aimed especially at the Federal Republic, also to divide France and England from the allies. Since the Soviet Union has failed ideologically in eastern Europe and new nationalisms are growing there, the strategic component of Moscow's east-European policy, but also of its west-European policy, has become even more compelling. This fixation on Europe is particularly aimed at the Federal Republic.

13070

CSO: 3620/600

POLITICAL

FEDERAL REPUBLIC OF GERMANY

NOELLE-NEUMANN SEES CHANGES, CONTINUITY IN GERMAN CHARACTER

Frankfurt FRANKFURTER ALLGEMEINE in German 28 Feb 86 p 11

[Article by Dr Elizabeth Noelle-Neumann: "The Attempt To Change National Character"; Article taken from "Wirkung des Schoepferischen" [Wuerzburg, Kreator Press]]

[Text] We are encountering a deep insecurity in the Germans as a result of their political and economic history in this century. Everything was wrong, we wanted to do everything differently. This attempt to exchange value systems led to extreme changes everywhere, in religious and moral ideas, in political values and sexual norms. And yet there is continuity.

Are there two German faces today? Of course, with every nation a public and a private face can be distinguished, but that is not what is meant here. There is a German reality that is visible, striking actually; it has a lot to do with the West Germans' material success after the Second World War, and with the basic feeling that spread after 1945 and continues even today: just do everything differently from earlier, break with all German traditions, no more militarism, no nationalism, no idealism, no more putting duty and order above all, no more working so hard. Very early, already in September 1945, in Tuebingen, Carlo Schmidt crammed the new spirit of the times into a short sentence: "German youth must be taught disobedience."

And there is a second German reality, of which we would hardly know anything, if we had not had polling, periodical sample questioning, since 1947. Polling shows that national character cannot be changed without serious difficulties. "Aren't the Germans proud of their reconstruction, then?" ask foreign visitors who see a booming economy, a booming country. The Germans are not in the mood for pride, and this has to do with the second, outwardly hidden German reality. Of what use is national pride? Perhaps these answers mean nothing at all? We will want to return to these questions, but first let us look more closely for a moment at the visible, striking, successful German reality.

"For the best weeks of the year," read the posters with which a big tourism firm is advertising vacation trips. The slogan has become a household phrase. "Yes, that's it," many Germans feel, "after all we no longer live to work, as earlier, but rather we work to live." Foreign observers sometimes wonder at the ritualized significance the vacation trip has taken on for the Germans: really the centerpiece of life, these "best weeks of the year." Just two-thirds of them took a vacation trip in 1985 (not counting short vacations of

less than a week; another 54 percent also reported such short vacations); 66 percent of German vacation trips went abroad in 1984. The German vacationer abroad: that is probably the chief impression from which other nations form their image of the Germans.

After the Second World War, the Germans wanted to do everything differently from before: for example, enjoy the nicer aspects of life. Foreign observers are struck by how carefully the Germans dress today; their fashion and furniture have won international regard. "Eating and drinking well--does that mean a lot to you, or is it more a secondary matter for you?" the Germans were asked in 1985. Two-thirds answered: "Means a lot to me." Over 40 percent characterize themselves as "connoisseurs." To the question as to what was above all else the meaning of their lives, the Germans (as to 57 percent) answered: "Being happy, having a lot of enjoyment." Thirty-seven percent gave "enjoying life" as the meaning of life in 1978, 45 percent 1985.

What is "in," what is "out"? It is noteworthy how readily such a question is accepted by the respondent in a polling interview. Perhaps it began as a party game invented in America; then it passed over into general usage; finally it became a test question: "Today many young people say: that's 'in', when they feel that something is modern, in step with the times. In the opposite case, they say: that's 'out', when they feel that something is old-fashioned, obsolete. Something along these lines appears on these cards." (The interviewer hands over a deck of 42 cards, on each of which is written a keyword.) "Could you please tell me, where you yourself feel 'that's in,' and where you feel, 'that's out'?" The procedure is a little barbaric. Ideas, plans, holy and trivial things, virtues and foolishnesses are shuffled and then sorted. This is, after all, our normal everyday way of behaving. We are constantly sorting--without knowing it at all--whatever we see, hear or do, into "in" and "out." It is thus that the spirit of the times is simultaneously shaped and perceived. The table shows a snapshot of the spirit of 1985 in the Federal Republic of Germany.

The last 6 items actually belong to the nineteenth century. Of course, something depends on the exact words. Heroes are "out"? Is Boris Becker a hero? What if we said "stars" instead of "heroes"? But language, too, is part of the spirit of the times.

Half-way up the current rankings is "walking trips." Among 36 leisure activities "walking trips" stands third from the top ("do it often," 39 percent), after "swimming" ("do it often," 47 percent) and "listen to records and cassettes" ("do it often," 45 percent). And that is entirely owing to former President Carstens who covered 1600 kilometers in Germany on foot during his 5-year term. At the end of his term 5 million people more than at the beginning said that walking or mountain-climbing was their favorite leisure activity.

High up in the rankings are "jeans," "science fiction," and "rock and roll." Are the Germans Americanized? The question is not easy to answer. On the one hand, the Germans feel they are related to the Americans in a special way. Every third German says ancestors or family members have emigrated to America. On the American side, a statistical survey just a short time ago confirmed

the image of a special relationship. On the question about ancestors' nationality, immigration from Germany was far in the lead, with 25 percent of Americans indicating German ancestry. There are also quite invisible similarities. Thus a mood test (especially happy or depressed moods, asked about in polls in the United States and in Europe) revealed that no European nation is as inclined to mood swings as the Americans--with the exception of the Germans. Going from one extreme to the other: that has long been said of the Germans; it seems still to be the case today.

On the other hand, the Germans differ from the Americans in important characteristics. Great mobility is a striking American trait: sell the furniture with a yard sale, move, get new furniture, move again. The Germans have gotten more and more settled; even when they are unemployed, the great majority consider a move an unreasonable condition for getting a new job. Work norms in America and Germany differ sharply. There it is being accepted that one may work beyond age 65; after 1990, retirement age will be 67. Here, retirement comes earlier and earlier. Presently the Germans have the longest vacation rights--and the Americans the shortest. The Germans' need for security is enormous: thus the Germans, with 12.69 marks per hour of work (in 1984), have the absolutely highest non-wage labor costs, that is, contributions to social insurance of all kinds. Eighty-one percent of the overall wage cost consists of supplemental non-wage costs. In America this is 39 percent, in England 41 percent. The Americans display what they have, the big, new car is the symbol. The Germans--quite contrary to what is written everywhere--tend to hid what they possess. This is shown by a question, in which a conversation is presented for choice: "Two men are having a conversation here. Would you just read it over, please. With which of the two would you be more apt to agree?" Three percent decided for the first choice of answer: "I like it if someone likes to show what he has. Pride of ownership is after all something very likable." Seventy-three percent were for the second choice: "I'm inclined to think, we shouldn't just show what we have. To me, pride of ownership comes across as showing off." The Germans fear envy. "Be more than you seem" is still a secret German principle.

We encounter a deep insecurity brought about as a result of their political and economic history in this century. Everything was wrong, everything had to be done differently now. This attempt to exchange value systems led to extreme changes everywhere: in religious and moral ideas, in political values, and in sex norms.

And yet there is continuity. In the preamble to the Basic Law it says: "The entire German people remains called upon to complete the unity and freedom of Germany in free self-determination." A question on this reads: "Should this sentence still continue to find a place in the Basic Law, or do you feel it should be struck out?" In 1985, 72 percent answered "remain" (80 percent of those 60 and older, 61 percent of Germans under 30). There is continuity, too, in the national character, despite everything. People once called the Germans "the nation of poets and thinkers." Now, "writing poems," more than outmoded, stood among the last in the rankings of "in" and "out." Yet consider the answers to this question: "We'd really like to know just what we can be proud of as Germans. Various things have been put down on these cards.

Could you please look through them and pick out for me everything you think we can be proud of as Germans." In 1984, "Goethe, Schiller and other great poets" stood at the top (named by 71 percent), then "the beautiful countryside" (71 percent), then "Beethoven, Bach and other classical German composers" (63 percent). In fourth place, finally, were "German scientists and researchers" (59 percent) and "high technological performance of German industry" (59 percent).

According to their national character as established by public-opinion research, the Germans are introverted, inwardly oriented: "inwardness" belongs to their essence. Politics, on the other hand, is rather foreign to them, although many more Germans are taking an interest in politics today, particularly under the influence of television (1952: 27 percent; 1983: 51 percent). In Thomas Mann's "Confession of an Apolitical Man" we read that the best thing about the Germans is the musicality of their soul. The German, a great traveler, hears the music of his classical composers throughout the world. It is also part of the national character to want to get to the bottom of things. This leads to restlessness and change; it also leads to scientific achievements. German continuity: wanderer, nature-lover. "Back to nature" appears in the top group of the spirit of the times, and is "in." Horror over the death of forests, so much more prominent on the public scene in Germany than in neighboring countries, can be explained: the forest--that is nature, and that is the obscure, the concealed, the inward.

At the outset we asked what national pride is good for. Public-opinion polling shows the connection: one who is proud of his nationality is more optimistic, more satisfied with his life, takes more pleasure in his work, has a happier family life, has more confidence in government institutions, shows more willingness to reject the notion of emigration, even under rather difficult living conditions, shows more willingness to defend his country under attack. A sense of national identity is part of pride. The Germans are in search of their identity. Was the change of government from the Social-Democratic/Liberal Schmidt government to the Conservative/Liberal Kohl government in October 1982 a turning point? If one judges by the new optimism again, a new stability is recognizable. At the turn of the years 1981-1982, 32 percent said they looked to the future with hope, 32 percent with fears. At the turn of the years 1982-1983, hopes were at 34 percent, in 1983-1984 at 45 percent, in 1984-1985 at 55 percent, and in 1985-1986 at 61 percent. To be sure, one often encounters much more far-reaching expectations of a "turning point," of a return to a consolidated sense of nationhood, to the virtues of public spirit and responsibility. What was recognized in the mid-seventies as a "turn in the trends" now need only, it is thought, be actually utilized and supported and "translated" into policy by the new government. But such notions cannot be confirmed by public-opinion research. Between 1982 and 1985 there is no sign of revived national feeling, and hardly any change in the political value system, hardly a displacement to the right, as is often assumed. A look at the time span from 1950 to 1985, with the trends recorded by the polls, shows that changes in the value system come about over decades.

There is also nothing to support the notion that the much-used image of a "pendulum" reflects reality well. There are enduring changes in mentality. It could well be that, in what could be observed of the Germans by polling in the most recent decades, we are dealing with very enduring alterations. Anyone who considers a shift in the trends necessary, must be prepared for a much longer time-scale, thus also for much more patience and much more effort.

Mirror of the Spirit of the Times

What is "in" and what is "out"?

(in Percents)

<u>Item</u>	<u>"in"</u>	<u>"out"</u>
Environmental protection	93	2
Back to nature	80	7
Weight control	75	9
Computer graphics	66	8
Knitting	71	15
Jeans	72	17
Going out to eat	67	12
Houseplants	64	13
Nena	62	13
Science fiction	62	16
Italian restaurants	61	17
The pill	63	20
Voting "Green"	60	17
Drinking tea	57	19
Rock 'n' Roll	60	25
Pretty lingerie	52	18
Magnum	48	14
Women's bodybuilding	53	21
White	49	18
Package-trip travel	53	23
Men's bodybuilding	53	23
Fantasy	50	20
Cooking	52	22
Becoming independent	48	20
Comics	49	22
Curry wurst	50	23
Black	47	22
Men's jewelry	50	25
Hiking	52	31
Black music	37	23
Going to a psychiatrist	39	25
The island of Bali	31	21
Neon colors	36	30
Punk look	38	40
God	34	36
Party games	37	40
Theater, opera	33	42
Marriage	37	48
Pile coats	26	43
Domestic help	25	43
Writing poetry	20	49
Heroes	14	57
Paleness	10	56

Source: Allensbacher Archiv (2,257 respondents)

13070/12859

CSO: 3620/580

POLITICAL

FEDERAL REPUBLIC OF GERMANY

SOCIAL, POLITICAL BACKGROUND OF GREEN ELITE STUDIED

Bonn DAS PARLAMENT (AUS POLITIK UND ZEITGESCHICHTE supplement) in German
15 Mar 86 pp 16-33

[Article by Helmut Fogt: "The Representatives of the Greens--The Social and Political Origin of the Alternative Party Elite"]

[Text] I. The Unknown Greens

Apart from a small number of prominent representatives, the Greens to this day --more than 6 years after their party was founded--are largely unknown as far as personnel is concerned. The frequent change in posts and seats, organized by them as a matter of principle, makes it more difficult even for people interested in politics to form an idea of the party leadership. Nor is most of the electorate of the Greens knowledgeable to any extent about the personnel the party has to offer.

Actually the leading personnel of the Greens has changed in a number of significant ways since the party was founded. These include a gradual elimination of conservative and politically moderate representatives of the charter members of the party. Otherwise too, many a prominent Green of the initial days was pushed into the background through mandate restrictions and rotation provisions. The rapid change in personnel in party posts and parliamentary seats is threatening to exhaust the reservoir of political talent among the Greens as a whole. These personnel changes make it desirable, in continuation of an earlier study, to make another inventory of the party elite of the Greens and the "Alternative Lists" associated with them. (Footnote 1) (Helmut Fogt, "The Greens in the Parliaments of the Federal Republic--A Sociological Paper," ZEITSCHRIFT FUER PARLAMENTSFragen, 1983/4, pp 500-517)

II. The Representatives of the Greens

The Greens are represented today in the German Bundestag, in the European Parliament, and in 6 of 11 Land parliaments of the Federal Republic. Preponderantly at present, already a newly composed second (in Berlin even a third) group of Green deputies is occupying the parliamentary seats. In accordance with the respective rotation provisions, another team is standing by in Baden-Wuerttemberg, Bremen, Berlin, and the European Parliament to take the place of the current Green deputies in the next year and a half.

Below, general biographical data and data about the political past of 235 Green officeholders and representatives will be examined. They comprise all the deputies whom the Greens (including representatives of the "Bremen Green List" and the Hamburg "Green-Alternative List") have sent to the respective parliaments since 1979, plus the persons currently scheduled to replace deputies, as well as former and current members of the Federal Executive insofar as these have not also been deputies.

For a start, all biographical data concerning the mentioned 200 deputies in the official parliamentary handbooks of the Bundestag, the European Parliament, and the Land parliaments concerned were consulted. In the case of about 100 Green representatives it was possible to complement these data with detailed curricula vitae composed by the representatives themselves (generally when they came forth as candidates). This material includes letters with biographical data from 35 Green representatives sent in reply to specific questions submitted by the author in summer 1985 to a total of 84 deputies about whom only sparse information was available (response quota: 42 percent).

All this material was complemented further by a plethora of individual biographical data about the mentioned personnel published mostly from 1977 to 1985 in the press (including FRANKFURTER ALLGEMEINE ZEITUNG, SUEDEDEUTSCHE ZEITUNG, DER SPIEGEL, CHRIST UND WELT, STUTTGARTER ZEITUNG, FRANKFURTER RUNDSCHAU, PARLIAMENT, and DER STERN), in various Green publications (particularly DER GRUENE BASISDIENST and DIE GRUENEN BLAETTER), in the other Alternative press (TAZ, PFLASTERSTRAND), or in publications by the respective representatives themselves (articles in journals, contributions to anthologies, and books). Additional biographical data were drawn from the official publications of the Greens' election proposals. (Footnote 2) (Despite individual requests, only few data or no data at all could be gathered about 22 Green representatives. Quota: 14 percent. The collection of material was concluded 30 September 1985. I owe thanks to Mr Franz Dormann for his helpful assistance in evaluating the material.)

Experience having shown that there would be little response (not representative in any case), no standardized questionnaires were sent out. This meant that some gaps in information (for instance, regarding religious affiliation) had to be put up with.

III. Composition According to Sex and Age

Without a doubt the Greens are the party most friendly toward women in the history of the Federal Republic. About 33 percent of all representatives of the Greens on the party executive and in parliaments have been women. A glance at the other parties represented in the 10th German Bundestag--a comparison which will also be made in covering party elites further on--shows how exceptionally high this proportion is. As had already been the case in the Ninth German Bundestag, the proportion of women parliamentarians among the "established" parties is 8 percent! (Footnote 3) (The following will be used below for data on the social composition of the 10th German Bundestag: Kuerschners Volkshandbuch Deutscher Bundestag, 10. Wahlperiode (Kuerschner's

Popular Handbook on the German Bundestag, 10th Legislative Period], Rheinbreitbach, 1983, pp 243-253. Woche im Bundestag [Week in the Bundestag], 13 (1983) 2, p 4. Peter Schindler, "Datenhandbuch zur Geschichte des Deutschen Bundestages 1949 to 1982 [Handbook on Data Concerning the History of the German Bundestag from 1949 to 1982]," Bonn, 1983. Klemens Kraemer, "Der Weg ins Parlament. Kandidatur zum Bundestag [The Way Into Parliament--Bundestag Candidacy]," Heidelberg, 1984, p 104.)

For one thing, the comparatively high proportion of female representatives among the Greens is due to the fact that among the Greens it has not been necessary to "go through the grind" to obtain promising candidacies for parliamentary elections, whereas in the other parties most female candidates fail on this arduous road. For another thing, committed women and women feminists among the Greens from the start occupied an internal position of power within the party quite different from that in the other parties. This is manifested not least by the fact that the Federal Executive of the Greens has consisted almost 50 percent of women. In the parliaments, the proportion of the Greens has varied considerably. When the first team of Green deputies had been replaced in the parliaments, the proportion of Green women deputies dropped from 34 to 20 percent. On the other hand, on the third and fourth teams, it amounts again to 45 percent.

The Greens also deviate considerably in another regard from the elite of other parties: their leaders are extraordinarily young. On assuming party office or occupying a parliamentary seat for the first time, the Greens examined here were of an average age of 39.1 years. (Table 1) On the average they were therefore, more than 9 years younger, than members of the other parties in the 10th German Bundestag. Only on the Federal Executive of the Greens was the average age somewhat higher. This is due to the fact that during the charter phase this body included several older members who do not play any role in the party any more. Among the Green parliamentarians, on the other hand, the average age has dropped further since the departure of the first representatives of the party--from not quite 40 years to not quite 38 years. [Table 1 appears on following page.]

This average age is definitely politically relevant. So far the respectively youngest parliamentary representations of the party have also been judged to be the most radical politically and ideologically. Among the first Greens who entered the various parliaments, the deputies in Hesse, Hamburg, and the European Parliament were the youngest, on average, and at the same time supported the most radical positions; the two representations with the highest average age (in Lower Saxony and in the Bundestag), on the other hand, took comparatively moderate stands. Conversely, the decrease in the average age of the deputies of the Greens in Baden-Wuerttemberg, Berlin, and the Lower Saxony in recent times has, respectively, gone hand in hand with a radicalization of objectives and attitude.

Not only are the Green representatives younger as a whole, but they also come from political generations different from those of the leading personnel of the other parties. Table 1 illustrates what happens if one divides recent German history into five big epochs and assigns to them, by year of

Table 1: Political Generation and Average Age on Assuming Office or Entering Parliament

	Date of birth	All Representatives %	Federal Executive %	Parliamentary Team 1 %	Parliamentary Team 2 %	Parliamentary Teams 3 and 4 %	Tenth German Bundestag* %
"Alternative Movements"	1954-	15	17	10	18	20	--
APD (Extraparliamentary Opposition) era	1946-1953	39	26	34	45	48	3
Adenauer era	1935-1945	29	14	39	30	20	45
War and postwar era	1922-1934	12	17	17	8	5	47
Weimar Republic and National Socialist era	-1921	5	26	--	--	8	5
Average age		39.1	42.2	39.7	37.6	37.9	48.5
n =		200	35	82	78	40	492

*Not including Green deputies

birth, the representatives who grew up in the respective eras--in other words, had their basic experience shaping their political and social outlook during these eras. The epochs are: The time of the Weimar Republic and the early National Socialist regime until 1939; the war and the postwar era until about 1953; the Adenauer era until the mid-sixties; the time of the Extra-parliamentary Opposition (APO) and student movement until the early seventies; and finally the most recent epoch, marked by a large number of political movements of an alternative-oppositionist nature in domestic politics.

(Footnote 4) (Cf. in detail Helmut Fögt, "Politische Generationen, Empirische Bedeutung und theoretisches Modell [Political Generations--Empirical Significance and Theoretical Pattern]" Opladen, 1982, particularly p 126 ff.)

No fewer than 54 percent of the Green representatives belong to the APO generation or the generation of the more recent political movements--in other words, got to know politics only under the auspices of extraparlimentary activism from the time of the student revolt. Only 29 percent grew up in the Adenauer era. By way of comparison, the situation is different as far as the deputies of the other parties in the 10th German Bundestag are concerned. Among these, 45 percent belong to the generation of reconstruction and the "economic miracle" of the time when Adenauer and Erhard were in power. Just as many Bundestag deputies (47 percent) went through the basic personal experience of the misery and deprivations of the war and the immediate postwar era. By contrast, in the current Bundestag the two youngest generations virtually are not represented at all among the other parties.

Among the Greens on the Federal Executive, 26 percent belonged to the APO generation, and 17 percent to the generation of the 'alternative movements.' Among the Green parliamentary deputies, the proportions of the two youngest generations have risen continually; among the Greens scheduled to replace deputies of the Berlin Chamber of Deputies, the proportion today is 80 percent. There is no doubt but that via the Greens the APO generations and the post-APO generation have entered "established" politics--two generations which encountered prosperity and political stability as a matter of course and, therefore, often can see only its negative side effects.

IV. Class and Education

The Green party elite comes preponderantly from middle-class homes. This conclusion appears justified even though detailed data concerning the fathers' profession or trade are available only in the case of 40 representatives. According to these data, more than one-third of fathers were self-employed, professionals, or farmers--a group which makes up only about 13 percent of working people in the Federal Republic as a whole. With 15 percent, civil servants were also represented disproportionately frequently among the fathers. On the other hand, with a further one-third, the proportion of white-collar employees was narrowly below the national average of working people, whereas, with 18 percent, the proportion of blue-collar workers was very considerably below the national average.

The great majority of Green representatives received the kind of education typical of this class. (See Table 2) (Footnote 5) (This table--as well as

tables 5 to 8--include multiple mentions; in other words, in the case of some representatives several of the listed categories applied.) Only few among them merely have an elementary school or high school education, whereas this is the case among one-quarter of the deputies of the other parties of the 10th German Bundestag and among more than 80 percent of the population as a whole. Among the Greens 11 percent started college without having completed a college education so far. Among these, 5 percent dropped out for good. Of the Greens with a college education, 42 percent studied political science, sociology, or communications, 17 percent studied German language and literature among other things, 23 percent studied education (predominantly to become teachers), 15 percent studied history, 11 percent studied foreign languages, 11 percent studied law, and 10 percent studied economics. All other subjects fall below 10 percent (with an average of not quite two subjects per representative).

Table 2. Completed Education of Green Representatives

	<u>Percent of Representatives*</u>
Elementary school with or without apprenticeship	4
Junior high school/technical school	7
High school, advanced technical school	6
College, incomplete	11
Technical college	3
Teacher's state exam	26
Law state exam	6
Theology state exam	2
Master of arts	4
Degree in social science or liberal arts	18
Degree in sciences	7
Medical state exam	3
Doctor's degree	10
College, no detailed data	2
Other (without college education)	3
No data	4

*Including multiple mentions 116%

This breakdown makes it clear that college-educated groups incline toward Green-Alternative politics in highly varying degrees. The particular choice of a subject of study apparently has a crucial influence on corresponding later activities. Subjects favored by leading personnel of the Greens are, above all, those "politicized" in the wake of the student movement and especially amenable to the college-educated left.

In addition, among the younger representatives the political orientation was pushed even more strongly into a definite direction by the particular choice of the place of study. The most pronounced affinity as far as Greens with a college education is concerned was with the Berlin Free University: 28 percent studied there. Proportionately to the number of students at the respective

universities, Bremen occupied second place, followed by Freiburg, Heidelberg, Hamburg, Frankfurt, Marburg, and Tuebingen. Without exception, these are the universities where mobilization of the student protest movement was most successful in the wake of the APO.

As far as completing a course of study is concerned, those who have passed a teacher's exam, with 26 percent, take a major share (See Table 2.) Among the Bundestag deputies of the other parties, all told only about 1 in 10 qualified as a teacher. Compared with 28 percent of the other Bundestag deputies of the "established" parties who have studied law or political science, on the other hand, only 6 percent of Green deputies and members of the executive have passed a law exam.

The relative number of social science and liberal arts diplomas or master-of-arts degrees among the Greens differs substantially from that among the other parties' parliamentary elites. Whereas liberal arts dominate among the deputies of the other parties, among the Greens there are in this category 11 political scientists, 8 graduate sociologists, 5 graduate psychologists, 1 graduate educationist, 8 economists and applied economists and only 6 of other liberal arts fields. A total of 10 percent of the Greens have a doctor's degree, compared with 27 percent of the other deputies in the German Bundestag. Considering that the Greens aspire to expert knowledge in the field of ecology and environmental protection it is amazing that only 7 percent of their representatives have a science degree.

All told, the proportion of college graduates of Green deputies and members of the executive is definitely not extraordinary. Of the representatives examined here, 62 percent finished university, and if one adds the 6 percent students, the total is just below the corresponding proportion in the rest of the Bundestag (70 percent). Including college drop-outs and technical college graduates, three-quarters of the Greens have had a college education. Among members of the Federal Executive and the Greens of the third and fourth parliamentary teams, this proportion is as high as almost 90 percent.

V. Professional Status and Other Social Criteria

The Green party elite predominantly comes from professions which have become typical of the modern welfare and services state. (See Table 3) (Footnote 6) (In this table, Green deputies and party employees are grouped by their professional status before assuming their party posts. Cf Table 4.) There are hardly any Green representatives with professions in agriculture or industry. Only 2 percent of them have pursued professions in agriculture, forestry, or fishery (compared with a current 4 percent of Bundestag deputies of the other parties and 6 percent of all working people). Only 2 percent were workers (compared with 4 percent of Bundestag deputies of other parties and 40 percent of all working people). Business employees and self-employed are also underrepresented by more than 50 percent among the Greens compared with Bundestag deputies of the other parties.

Table 3. Professions of Green Representatives

	All Representatives %	Federal Executive %	Parliamentary Team 1 %	Parliamentary Team 2 %	Parliamentary Teams 3 and 4 %
Farmers and foresters, fishermen	2	-	1	4	-
Workers, skilled workers	2	-	2	3	2
Simple technical and services professions	6	9	4	8	8
Business employees, self-employed	8	14	6	9	2
Engineers, scientists, architects	3	3	4	1	5
Judges, lawyers, lawyer candidates, administrative employees	6	3	6	6	8
Physicians, health service professions	6	-	2	9	10
Social service professions	4	-	2	6	8
Clergymen	-	-	1	-	-
Teachers, college professors, teacher trainees	25	9	39	22	18
Sociologists and economists, other liberal arts students	8	11	2	9	15
Journalists, publicists	5	6	6	5	-
College students	6	3	4	8	10
Housewives	3	9	5	1	-
Annuityants, pensioners	1	3	2	-	-
Unemployed, irregularly employed, unemployed graduates	10	14	10	9	10
Other, no data	4	17	2	-	5
	-	-	-	-	-
n =	235	35	82	78	40

Table 4. Representatives of the Greens According to Their Position in Career

	Greens Representatives		10th German Bundestag Without Greens	
	N	Percent	Percent	
Workers	5	2	4	
Officials, Judges	40	17	36	
Public Service Employees	42	18	5	
Party Employees	22	9	14	5
Employees of Other Associations	11	5		
Private Business Employees	22	9	13	
Other Employees	6	3	--	
Independent	11	5	11	
Self-Employed	18	8	17	
Farmers	2	1	4	
Unemployed	36	15	1	
No Data	20	9	3	
	235	100 percent	100 percent	

Whereas the proportion of engineers and scientists and also jurists continues to be comparatively small among the Green representatives, the proportion of physicians and others engaged in health service exceeds that among the other parties. Presumably this reflects a recently noticeable trend of increasingly debating problems of environmental protection from the health point of view. Also worth noting is the increasing proportion of social services professions. Among the Green parliamentary teams which followed the initial one, it is three times as high as among deputies of the other parties of the current Bundestag.

Like the Land parliaments, the German Bundestag has recently developed increasingly into a teachers parliament. Though the proportion of teachers among workers in the country as a whole is below 3 percent, up to 18 percent of Bundestag deputies today may be classified as belonging to the teaching profession. The Greens exceed this proportion further, with 25 percent of all deputies and executive members previously having been active as teachers, college professors, or teacher trainees. If one adds the scientific assistants, lecturers, and persons with teaching contracts among the Greens, the proportion among them of persons engaged in teaching of various kinds amounts to more than one-third. Among the initial Green deputies, the

proportion of full-time teachers alone was 39 percent! In the meantime this proportion has, however, adapted to the proportion among deputies of the other parties. Evidently the Greens in the meantime have realized the negative consequences of such an excess in teachers--for instance, because of the general lack of specialized expertise in this profession.

Another group which stands out among the Green representatives is social scientists and economists, whose proportion recently has increased particularly among the various parliamentary deputies of the party. The proportion of representatives who are still engaged in studying has also risen.

Well worth noting, finally, is the high proportion of Greens who had not found regular employment. Among the representatives, 10 percent were unemployed, had not received any employment after completing their studies, or had from the outset decided against any regular professional activity. If one adds those who have already changed professions several times and those who were professionally active in the area of the "alternative" economic sectors which flourished in the seventies, the proportion of the professional problem cases rises to 26 percent. (Footnote 7) (The self-administration enterprises of the Alternative sector may be regarded as "children of necessity" not only in the sense that they "frequently were (are) founded and directed by people who, owing to the labor market problems, did not have a chance to acquire the relevant specialized qualifications or experience before entering the Alternative sector or who have initial qualifications removed from the professional and work areas demanded and exercised in the enterprises," but also in the sense that, owing to various financing, turnover, and organizational problems, they generally work on an extraordinarily precarious economic basis. Marlene Kueck, "Alternative Economy in the Federal Republic," *AUS POLITIK UND ZEITGESCHICHTE*, B32/85, p 36.) If one takes into account in addition that moreover a number of teacher trainees and scientific employees have to reckon with uncertain career prospects, it becomes clear to what extraordinary extent problems of professional and social status are crucial for the Alternative elite of the Greens.

Of course it is not only the more pessimistic professional and life prospects of part of the young generation that must be regarded as a driving force of the "alternative" political engagement of the Greens. Nor is it permissible to interpret the Greens exclusively as a phenomenon of the political revolt of an economically secure new services class. This is made clear by the classification of the Green representatives according to profession in Table 4. Whereas, taking into account some organization employees, a total of 39 percent of Green deputies and members of the executive came from the civil service, this is true of as many as 41 percent of the deputies of the other parties in the current Bundestag.

No fewer than 9 percent of the Green representatives are professionally dependent on their party today. The Green "substitutes" remaining in the Bundestag after the spring rotation are not even included; so the proportion is likely to increase with each additional "rotation." This makes it clear to what extent the Greens, of all people, are turning their representatives into professional politicians.

On the basis of the preparliamentary professional qualifications and experience of the representatives, it cannot be claimed, however, on the whole that the Green parliamentarians in the past few years have managed to raise significantly the proportion of deputies who are experts in a particular field.

Of the Greens examined here, 40 percent were or are members of a labor union. Of these, more than one-quarter were union functionaries, ranging from works representatives to labor union secretaries. Of the representatives of the Greens, 10 percent were active on a works council or personnel council. Of the mentioned 40 percent union-organized Greens, no fewer than 18 percent were members of the Education and Science Trade Union (GEW). This is partly due to the high proportion of teachers among the representatives and partly probably also to the markedly pro-Green attitude of this organization (paralleled only in the Print Union [IG Druck]). With not quite 50 percent, the first parliamentary team of the Greens almost reached the average of union-organized members in the German Bundestag (60 percent union members without the Greens). (Footnote 8) (Emil-Peter Mueller, "Labor Unions in the 10th German Bundestag," ZEITSCHRIFT FUER PARLAMENTSFragen, 1983/4, p 494) Among the later parliamentary teams of the Greens, the proportion is barely lower. If one considers that the labor unions continue to assign priority to industrial growth and the increase of material advantages of workers over the imperatives of environmental protection, this degree of the Green ties to labor unions surely is amazing.

Despite the narrow data basis (only 59 Greens came up with relevant information), the results regarding the religious affiliation of the Greens examined are also noteworthy. In the current Bundestag, for example, the religious affiliation of Greens is at great variance from the norm. Whereas in the Bundestag on the whole, 52 percent of the deputies who stated their affiliation said they were Catholic, and 47 percent Protestant, among the Green representatives examined here the proportion of Protestants is 59 percent, and that of Catholics only 12 percent. The proportion of those who stated they had no religious affiliation--27 percent--is remarkably high and, in fact, is probably considerably higher in reality.

VI. Political Origins of the Representatives

More than half (54 percent) of the Green and Alternative representatives examined here were active in another political organization before they joined the Greens, and 7 percent of them had been members of several political organizations.

Of the representatives, 27 percent had belonged to another political party. (Table 5) (Footnote 9) (It should be taken into account here that such membership in some few cases goes back to the sixties. Members of pertinent allied organizations (for instance, the Social Democratic Women's Working Group, the Junge Union [Young CDU], and the like). (Cf. note 5.)

Table 5. Greens' Former Membership in Parties and Allied Outfits

	<u>N</u>	<u>% of all Representatives %</u>	<u>Of These, in Leading Positions N</u>
Previously a member of a party or allied outfit	63	27	25
Member of*:			
SPD	35	15	8
CDU/CSU	9	4	4
FDP	7	3	3
DKP	8	3	2
AUD [Action Com- munity of Independent Germans]	12	5	8
Not previously a member of a party, or impossible to establish	172	73	-
*including multiple mentions	235	100%	

With 15 percent, former SPD members have the lion's share. Predominantly, they had left their party between 1977 and 1979--particularly out of anger about the course of the party while Helmut Schmidt was chancellor. Eight Greens were members of the DKP (or the West Berlin SEW [Socialist Unity Party of West Berlin] or the SED) or members in one of the allied outfits of the DKP, such as the German Peace Society--United Conscientious Objectors and the SEW-controlled Action Community of Democrats and Socialists. The Action Community of Independent Germans (AUD), a right-wing conservative-nationalist splinter party, which played a significant role in the founding of the Greens, furnished 12 Green representatives.

Apart from the mentioned political parties, the Greens have drawn their leading elite to a very substantial degree from the various organizations and groupings of the radical and extreme left of the Federal Republic. (Footnote 10) (Below, any organizations of the left and its members are described as "extreme leftist" if they were deemed hostile to the constitution by Offices for the Protection of the Constitution and as such were subjected to regular surveillance. The extreme left in the Federal Republic is divided into an orthodox pro-Soviet wing grouped around the DKP and a "New Left" wing which emerged from the student movement of the late sixties and which (originally Maoist oriented) rejects the "really existing socialism" of the Eastern bloc. The New Left in turn comprises a dogmatic group wedded to Marxism-Leninism as an organizational and ideological program (the so-called "K Groups) and a

diffuse undogmatic group which in particular rejects the Leninist form of cadre organization. As "radical leftist" we will describe below such organizations and persons as can be classified as being located on the left fringe of the party spectrum but do not pursue unequivocally anticonstitutional objectives.)

Of the 235 representatives of the Greens and the Alternative List examined here, 82, or 35 percent, were organized in an extreme leftist organization. (Table 6) Thus the Greens are in part illustrative of the radical leftist protest movement of the seventies; without being familiar with that movement, it is impossible to adequately understand the development and structure of the Greens. (Footnote 11) (Without the decisive participation of some radical leftist and Alternative papers and journals, it would hardly have been possible particularly for the Alternative List connections to come into being. Of the Green representatives examined here, no fewer than 19 participated in such publications in, in part, responsible positions. Six representatives worked on the leading Alternative paper of the Federal Republic, TAGESZEITUNG (TAZ), four on the undogmatic-socialist paper MODERNE ZEITEN. Others were active on extremist campaign and agitation papers, like AGIT 883 and RADIKAL, which also did some recruiting for terrorist organizations.)

Table 6: Former Membership of Green Representatives in Extreme Leftist or Extreme Radical Organizations (From 1967)

	N %	Percent of All Representatives %
Member of radical leftist or extreme leftist organization	82	35
Of these, in extreme leftist organizations*:		
Orthodox Communist College League	4	2
Dogmatic "New Left" (K Groups)	36	15
Undogmatic "New Left" (Socialist Bureau, etc.)	19	8
in radical leftist organizations:		
SDS [German Socialist Students Organization], Republican Club, etc.	11	5
Undogmatic "New Left" (Basis Groups, etc.)	13	6
Anarchist groups (Spontis, the Autonomous)	10	4
Other radical leftist college groups	5	2
Not a member of a radical leftist or extreme leftist organization, or impossible to establish	<u>153</u>	<u>65</u>
*including multiple mentions	235	100

The hard core of the Extraparliamentary Opposition of the late sixties was formed by the German Socialist Students Association (SDS) and the Republican Club founded by SDS veterans in 1967. A total of 11 Green deputies and members of the executive were members of these two organizations.

Another four were engaged in the seventies in college groups of the orthodox left--three in the Social Democratic University Student Association (SHB), which in 1972 began to pursue the DKP line, and one who at that time worked in the Marxist Student Federation (MSB).

No fewer than 36 of the representatives of the Greens and the Alternative Lists examined here belonged to the "dogmatic New Left," the "K Groups," in the seventies. In the late seventies the K Group movement fell apart and began to change the orientation of its activities--extending to the new "mass movements" such as the Anti-Nuclear-Power Movement--until it hit on the Greens. From the start it intended to enlist the Greens as a vehicle in its behalf. (Footnote 12) (As early as 1979 the later spokesman of the Hamburg "Green-Alternative List" deputies, Thomas Ebermann, at a conference of deputies of the Communist League, advocated the "concept of forming blocs" in order to "increase the possibility of 'blackmail' against, and influence on, the Greens," and made propaganda for "entrism"--that is, the tactic of penetrating bigger organizations with a view to participating in them as a minority and, after consolidating one's own position, taking over the leadership. See Gerd Langguth, "Protestbewegung, Entwicklung--Niedergang--Renaissance" [Protest Movement, Development--Decline--Renascence], Cologne, 1983, p 122.) The self-liquidation of most K Groups "quickly turned out to be a rather purposeful dissolution into the checkered and alternative election alliances cropping up everywhere." (Footnote 13) (DER SPIEGEL, 1981/19, p 44)

Particularly members of the German Communist Party (KPD) dissolved in 1980 managed to take a foothold among the Greens. The KPD expressly intended to use mandates among the Greens and Alternatives to continue its past politics, making good this pledge within the Berlin Alternative List, for example. In addition to citizens' initiatives, women's groups, other "basis" initiatives," and representatives of the Socialist Bureau, the Socialist Students Association, and other leftist college groups, almost all the cadres of the KPD participated in the founding of the Alternative List on 5 October 1978--plus the cadres of the Communist League (KB) and the West German Communist League (KBW). The KPD soon was considered the "basic organizational force" of the Berlin Alternative List. (Footnote 14) (Ernst Hoplitschek, "Partei, Avantgarde, Heimat--oder was? Die 'Alternative Liste fuer Demokratie und Umweltschutz' in West-Berlin [Party, Avant-Garde, Homeland--or what? The 'Alternative List for Democracy and Protection of the Environment in West Berlin]," in Joerg R. Mettke (ed.), "Die Gruenen. Regierungspartner von morgen? /The Greens--Tomorrow's Coalition Partners?/," Reinbek near Hamburg, 1982, p 83. The Federal Ministry of the Interior estimates the proportion of former KPD members among members and candidates of the Alternative List to be about one-fourth. See Gerd Langguth (note 12), p 264.) A total of 14 deputies and executive members of the Greens were members of the KPD or its allied organizations.

Similarly, the Communist League, at home principally in Hamburg and generally considered comparatively flexible rather than dogmatic, managed to exercise considerable influence on the Greens. It had already played a dominating role in the Hamburg "Lower Elbe Environmental Protection Citizens' Initiative," and the "Checkered List/ Defend Yourselves" running in the Hamburg Chamber of Deputies election in 1978 was under its political leadership as well. In 1979 a "Center Faction" (Z-Fraktion) split from the Communist League, joining the Greens in a body. At the time Horst Bieber noted in DIE ZEIT that there were a great many indications "that the split (including the 'expulsion' of the minority) was but a tactical maneuver." (Footnote 15) DIE ZEIT 25 Jan 80) In June 1984, finally, the remainder of the KB urged its members to join the Greens "individually, but if possible in a body." (Footnote 16) (The Federal minister of the Interior (ed), "Verfassungsschutzbericht 1984 [1984 Office for the Protection of the Constitution Report]," Bonn, 1985, p 99.) A total of 12 of the Green representatives examined here came from the Communist League.

Another four had been active for a while with the KBW, which had been prominent particularly during the violent confrontations over nuclear power plants in the seventies and dissolved in 1985. In addition there are two former members of the KPD/ML [German Communist Party (Marxist-Leninist)], and one member of the Revolutionary Struggle group. At least five Green representatives were in leading positions in the mentioned K Groups. Three further representatives of the party are known to have at least cooperated closely with communist or Trotskyite groups or completed training courses with them.

Almost as important as the K Groups are the groupings of the "undogmatic New Left"--in other words, those rejecting Leninism as an obligatory organizational program. The organization which should be mentioned first of all is the Socialist Bureau (SB) in Offenbach, an organization regarding itself as a crucible for socialists of various shades. The Socialist Bureau set itself the aim of causing a "revolutionary upheaval" of society in "highly developed capitalism." (Footnote 17) (Informational bulletin "Wer wir sind--was wir wollen [Who We Are--What We Want]," fall 1982, quoted from 1982 Verfassungsschutzbericht [Report of the Office for the Protection of the Constitution for 1982], Bonn, 1983, p 92.) Following a 1979 recommendation to its members to participate in the "basis-democratic and socialist (!) groups of deputies" of the Green and Alternatives, it is facing imminent dissolution. (Footnote 18) (Gerd Langguth (note 12), p 197)

To be included here further are the "Basis Groups" founded in the mid-seventies at universities, with the Socialist Bureau playing a crucial role. They are leftist socialist groups overlapping organizationally with the so-called Spontis. The Basis Groups also aim at a "radical upheaval" of "capitalist society." (Footnote 19) (Position paper of the Basis Groups on the occasion of the Ninth Membership Assembly of the Association of German University Student Associations, March 1984, quoted from Verfassungsschutzbericht 1984 (note 16), p 105.) In all, 32 Green

representatives were organized in this group and other groups of the "undogmatic New Left." Of these, 19 belonged to an organization which (like the SB) is anticonstitutional and has therefore been classified as extreme leftist, and 13 to an organization which (like the Basis Groups) has to be considered radical leftist.

Part of the antiauthoritarian tradition of the APO are numerous anarchist groups which gained particular momentum in connection with the "Youth Center Movement" and the occupation of housing in the seventies. These groups, largely without any political concept, differ in the last analysis only as far as the degree of their radicalism is concerned. Whereas the "Spontis" in part reject violence altogether and in part rule out only physical violence against persons, the so-called "autonomous groups" as a rule are very militant and on various occasions have made a name for themselves with acts of violence, occupation of housing, and the like. (Footnote 20) (Cf. Gerd Langguth (note 12), pp 234-244) Ten leading representatives of the Greens and Alternatives were part of this scene.

All told, more than 60 leading representatives of the Greens and Alternatives in the past 15 years have belonged to a party (DKP) or organization (or given massive support to a party or organization) which is considered extreme leftist. Another 25 Greens and Alternatives belonged to an organization which by our criteria is considered radical leftist.

Former members of extreme leftist and radical leftist groups participated in the founding of the party of the Greens from the beginning; every third representative with a relevant past joined the Greens or the Alternatives as early as before 1979--something that is true of not quite one-quarter of the other deputies and executive members.

The former members of extreme leftist and radical leftist organizations have managed to expand their personnel influence further since that time. Whereas their proportion was still only 30 percent among the first parliamentary team of the Greens, it rose to as much as 37 percent among the second team and today, among members of the third and fourth parliamentary teams, is 40 percent. Only in the Bundestag, in the Hamburg Chamber of Deputies, and in the European Parliament were there fewer former members of extreme leftist and radical leftist groups among the second Green parliamentary team than among the first. Their proportion in Berlin and in Hesse, on the other hand, continues to increase.

VII. Anchoring in Political Movements

The Greens consider themselves an organizational spearhead of the various "alternative" political and social movements which have emerged in the Federal Republic since the seventies, regarding them as their real "basis," the political "leg" for them "to stand on." Indeed two-thirds of the parliamentary deputies and executive members of the Greens examined here can be shown to have ties with one or more of these only loosely organized political movements. (Table 7)

Table 7. Anchoring of Green Representatives in Recent Political Movements

	<u>N</u>	<u>Percent of Representatives</u>
Member of a political movement	158	67%
Of these*:		
APO, student movement of sixties	51	22%
Peace movement since the sixties	50	21%
Third World movement	19	8%
Civil and human rights movement	31	13%
Women's movement	21	9%
Fringe group work	36	15%
Citizens' initiatives (without environmental protection)	41	17%
Alternative movement	34	14%
Not a member of a political movement, impossible to establish	<u>77</u>	<u>33</u>
*Including multiple mentions	235	100%

A total 51 Green representatives stated that they were part of the student movement and the Extraparliamentary Opposition of the sixties. Supporters of the peace movement were represented in similarly great numbers among the Green representatives, a few of whom also participated as early as in the sixties in Easter marches and "Fight-Nuclear-Death Campaigns."

Of the Green and Alternative representatives, 31 belonged to the civil and human rights movement. Some of them worked with "amnesty international," others were involved in various initiatives concerning human rights violations in South Africa, in Turkey, in Iran, and elsewhere. The concern of this group touches on the concern of those 19 representatives who were part of the Third World Movement which emerged in the seventies. Most of the civil rights activists, are, however, involved in the field of domestic politics, predominantly in behalf of persons "persecuted politically" in the Federal Republic. Eight of them participated in the fight against "bans from jobs," five are active in the Committee for Basic Rights and Democracy and other initiatives for "democratic rights," and five participated in the preparations for the so-called Third Russell Tribunal, which was to investigate human rights violations in the Federal Republic.

In addition to the quite significant proportion of committed feminists in the parliamentary and party elite of the Greens, there are 36 representatives who have devoted themselves to the most varied fringe and problem groups of society. Frequent mention was made in this connection of participation in the care for foreigners, in social aid, in drug problems, and in action in behalf of socially harmed juveniles or unemployed, and occasionally support in the care of the sick and handicapped was mentioned. Six Greens concentrated their activities on penal matters ("jail work").

Of the Green representatives examined here, 41 participated in 1 or more citizens' initiatives outside the sphere of protection of the environment. The activities of the relevant initiatives include first of all the area of tenants' problems (also described as "tenant politics" and occasionally straightforwardly as "housing fight"). Second place is occupied by involvement in urban planning and in urban district groups as well as in youth work or the Youth Center Movement.

Finally, 34 Green representatives come from the Alternative movement in a narrower sense--that is, they were active in Alternative shops and Alternative companies or were part of the "drop-out scene." Of these, 11 worked full time for an Alternative paper, 11 were active in Alternative health stores, bookstores, hangouts, or various companies, 1 deputy taught in an Alternative school, and 4 Greens were active in Alternative farming. Three Greens have experience in communes or sects. Four of them were members of an umbrella organization of Alternative companies, the "Self-Aid Network."

The Greens would never have got into the parliaments if their party had not been identified from the start with another movement--the ecological and environmental-protection movement. According to opinion polls in the fall of 1984, 40 percent of the population thought that the Greens were the only party which could curb pollution of the environment. (A total of 24 percent thought the same of the CDU/CSU, and 20 percent thought the same of the SPD.) (Footnote 21) (Sociological Research Institute of the Konrad Adenauer Foundation, archive No 8405) Nor can one deny that the Greens are seriously committed to solving ecological problems. It would be a mistake, however, to assume that ecology and environmental protection preoccupy the Greens exclusively. Their parliamentary activities alone make that clear. An intensive study reached the conclusion that in a period just short of 2 years from the time when they entered the German Bundestag, the Greens devoted just 23 percent of their minor and major interpellations and legislative initiatives to the field of environmental protection. (Footnote 22) (Wolfgang Ismayr, "The Greens in the Bundestag--Parliamentarization and Connection With the Base," ZEITSCHRIFT FUER PARLIAMENTSFRAGEN, 1985/3, p 316 ff) This clearly puts the Greens ahead of the other Bundestag parties, which devoted only 18 percent of their interpellations and legislative proposals to the whole area of environmental, transport, and energy policy (Greens: 43 percent), but the Greens also exercised their parliamentary right of interpellation and initiative with similar emphasis in behalf of the peace movement and the Third World movement (with 17 and 12 percent of interpellations and legislative proposals, respectively, compared with 3 and 5 percent, respectively, on the part of the other Bundestag parties). On the other hand, the whole broad field of domestic and economic policy is hardly dealt with at all in relevant parliamentary activities of the Greens--5 and 6 percent, respectively, compared with 25 and 22 percent, respectively, as far as other parties are concerned.

In another regard too, the Greens can be identified only with reservations as a party of environmental protection. No more than 40 percent of Green

representatives are members of an organization or initiative which (liberally interpreted) deals with insuring and tending man's natural environment. (Table 8)

Table 8. Membership of Green Representatives in Ecological Movement

	N	Percent of all Representatives %	Including Ingredients In Leading Positions N
Membership in ecological movement	93	40	
Including*			
Anti-nuclear-power movement	56	24	44
Other ecological move- ment	53	23	43
Member in ecological association (BBU [Environmental Citizens' Initiative Federal Assn.], BUND, and others)	42	18	19
Not a member in ecological movement	<u>142</u>	<u>60</u>	
*Including multiple mentions	235	100%	

Of these, 24 percent describe themselves as committed opponents of nuclear power plants, 23 percent mentioned activities in various environmental protection organizations or simply stated that they were part of the ecological movement, and 18 percent were members of one of the large environmental protection and citizens' initiative associations (multiple mentions). This total of 40 percent supporters of the environmental protection movement among the Green party elite in addition conceals a noteworthy trend: among the first team of deputies sent by the Greens into the parliaments, the proportion of parliamentarians involved in protection of the environment still was more than 50 percent; since that time, it has continually decreased and among the third and fourth team amounts to only 18 percent. In other words, the proportion of the Green and Alternative party elite coming from the ecology and environmental protection movement is dropping increasingly.

Vis-a-vis all these movements, the Green representatives find themselves under great pressure of expectations and justification. Groups and initiatives at the party "base" in particular demand demonstrative "actions" of their parliamentary representatives, with the deputies' immunity being orchestrated systematically in connection with so-called violations of

rules. (Footnote 23) (Supporters of the Greens are quite liberal when it comes to acts of violence. In fall 1984, 70 percent of people habitually voting for the Greens expressed understanding for "juveniles sometimes resorting to violence because that is the only way to draw attention to themselves," and 42 percent thought that "in light of everyday violence" it was understandable that "other people resort to violence" (compared with an average 38 percent and 20 percent, respectively, of the population as a whole). See Sociological Research Institute of the Konrad Adenauer Foundation, archive No 8405.) In pursuing their political aims, Green representatives have also definitely taken violations of the law into the bargain. A total of 25 leading representatives are known to have been sentenced for punishable offenses. Most of these can be described as demonstrative politically motivated offenses. In 10 cases it was a question of blocking routes of transport, in 8 cases one of violations of the right-of-assembly law or of disrupting parliamentary order, in 4 cases one of occupation of housing and the like. Six violations, for which five representatives of the Greens were tried, had to do with offenses connected with terrorism in some way. Fifty-eight percent of offenses are offenses by former members of extreme leftist and radical leftist organizations, although these make up only 35 percent of all representatives.

VIII. Parliamentary Deputies and Internal Party Trends

It is extraordinarily difficult for an outsider to obtain a true picture of the trends and power relationships within the party of the Greens and Alternatives. It is quite difficult to make out the Green internal party fronts, which moreover are constantly in motion. The following distinguishes between eight internal party factions and groups of the Greens and Alternatives—a division which appears to be suitable for portraying the ideological-political profile of the party in its salient features. (See Table 9) [Table 9 appears on the following page]

The Green representatives are classified according to their current stands—that is, largely independently from their individual political past. The classification was made on the basis of programmatic statements by the representatives concerned, the internal party politics practiced by them (insofar as reports are available), self-classifications of those concerned, or competent classifications in the press. As a result, in the case of one or the other party representative there remains some uncertainty as to the appropriate category, all the more so because the transition between the various wings is fluid. Nevertheless, in the case of not quite 80 percent of the Green representatives examined here it has been possible to assign them with adequate certainty to one of the internal party groups. Thus the classification by and large portrays the relative strength of the various groups among the Greens correctly.

First there is the group of fundamental oppositionists ("Fundis"), who take a stand as prophets of a global ecological crisis, regarding modern industrialized society as such, in both West and East, as an aberration. They will not countenance any political compromises, aiming solely at a change in attitude and "ecological" conversion on the part of the individual.

Table 9. Green Representatives Grouped by Internal Party Position

	All Representatives %	Federal Executive %	Parliamentary Team 1 %	Parliamentary Team 2 %	Parliamentary Teams 3 and 4 %
Fundamental oppositionists	10	21	10	5	14
Ecological socialists	9	4	10	12	3
Traditional socialists	19	8	15	23	31
Other nonecologists	13	4	10	10	34
Followers of realpolitik	26	25	32	30	7
Economic liberals	6	17	7	4	-
Value-conservatives	7	17	8	2	7
Ecologists only	9	4	8	14	3

N = 182

All their radical rejection of our "ruling system" notwithstanding, they are rather skeptical as far as socialism is concerned. These criteria apply to about 10 percent of the 182 party representatives examined here.

A second important group is the so-called ecological socialists. Characteristic of this group is a commitment which is rather modest on the whole and predominantly ecological, generally in initiatives and in actions against the construction of nuclear power plants. Otherwise they follow the line of the traditional socialism of the "New Left." Supporters of this group may be considered to this day to be radical leftist or extreme leftist. They are mainly interested in adapting the idea of environmental protection to the traditional ideology of the radical left. (Footnote 24) (Cf. especially the most important programmatic publication of this group--Thomas Ebermann/Rainer Trampert, "Die Zukunft der Gruenen. Ein realistisches Konzept fuer eine radikale Partei. [The Future of the Greens--A Realistic Concept for a Radical Party]," Hamburg, 1984. It states on page 209: "The current destruction of the natural bases of mankind is connected with the internal laws of the capitalist method of production." It "is not possible to remove the destruction of the environment...while maintaining the production conditions prevailing today." (P 280) Ebermann and Trabert, therefore, consider it "a fact that the capitalist form of society must be overcome." (P 209) What is advocated is an "attempt to proceed from the old conditions of production--recognized as destructive--to a new form of social process." (P 280) The aim is "an egalitarian society which eliminates and justly distributes the wealth of the few, eliminates or reduces both the production of senseless goods (tools of war) and the 'services' (insurance industry) and repressive functions (state apparatus) that are part of this system." (P 194) This can be accomplished "only with courageous radical politics against the system prevailing here" and certainly not, for instance, with the methods of parliamentary democracy. (Pp 245, 273)

(The aim of their demand for "radical politics" becomes clear when both postulate that solutions of ecological questions must be "fought for" (p 280) and that the ecological movement reflects a general "striving for appropriating social productive forces, which is obviously more suitable for the political polarization of society (my emphasis--H. F.) than the quite abstract striving for revolt against the state power and disappropriation of the means of production." (P 254) "Ecological socialism" represents a mere adaptation of the classical Marxist ideology to a changed configuration of "late capitalist crisis trends" under the auspices of the ecological challenge, which has opened up for the extreme left new fronts of agitation and political confrontation, and nothing more.) According to these criteria, nine percent of the Greens examined here have to be considered "ecological socialists."

Their adherence to leftist radicalism connects the ecological socialists with the numerically significant group of traditional socialists in the party. No individual ecological commitment by way of membership in an organization or initiative pledged to the protection and cultivation of man's natural environment can be observed among those belonging to this group. Instead there is, for example, participation in the peace movement, in the

Third World movement, the women's movement, or in initiatives in behalf of "democratic rights." Members of this party wing of the Greens should be described as radical leftists and extreme leftists of classical provenance, be it because they identify themselves as socialists or Marxists or be it because they have until very recently remained members of radical leftist or extreme leftist groups or have never broken with a corresponding political origin. (Cf. note 24) Of the Green representatives examined here, 19 percent should be described as traditional socialists in this sense.

Next to it there exists a group in the party of the Greens and Alternatives without any visible ecological or radical leftist commitment. Here it is often a question of representatives of various "basis initiatives" who have specialized in representing certain individual interests (for instance, aliens or social assistance questions, questions of health etc.). They also include outsiders of the party who have come to the Greens and Alternatives in a rather uncharacteristic way. The proportion of these "other nonecologists" is estimated to be 13 percent.

The biggest individual group--26 percent of the Green representatives--is the followers of realpolitik ("Realos"). Members of this group are best described as leftist radical reformists. Many representatives of this wing consider themselves radical leftists to this day. (Footnote 25) (Thus Joschka Rischer, for instance, declared that also as Hesse minister he would profess the "tradition of the Frankfurt Sponti scene" from which he came, and said that in his view, despite the Greens' participation in parliamentarism, "rebellion...continues to be justified." See FRANKFURTER ALLGEMEINE ZEITUNG 29 Oct 84, p 3; DER SPIEGEL (1984/9, p 87.) The followers of realpolitik as a rule are consistently committed to ecology and environmental protection, are interested in parliamentary participation, and are comparatively ready to cooperate with the other parties, particularly the SPD.

As regards ecological and parliamentary involvement, this group is perhaps outstripped by the group of economic liberals, who take a very moderate political stand toward all parties and are ready to cooperate with them, are opposed to the radical leftists among the Greens, and are definitely amenable to a liberal economic policy also in questions concerning the environment. Their total share is about 6 percent.

Barely bigger is the group of value-conservatives among the Greens. These are party members (particularly from among the charter generation) who as a rule follow a pronounced bourgeois-conservative philosophy, have come to the Greens via a conservative-ecological attitude of protest, and constitute the "right" party wing there.

Finally, there exists a comparatively small group of Greens (9 percent of the representatives examined here) who, having pledged themselves predominantly to protection of the environment, politically present a barely outlined and generally very moderate profile ("ecologists only").

If one compares the current internal party position of the Greens examined, in accordance with this classification, with their political origins--that is, their respective former membership in other parties and political organizations--one can draw some interesting conclusions concerning the stability of their individual political orientations. Of the former members of the SPD, most belong today to the group of followers of realpolitik and some belong to the wing of traditional socialists. Former members of the CDU/CSU and the Action Community of Independent Germans as a rule are found among the Greens within the ranks of the value-conservatives.

Significant in this connection is the fate of the former members of extreme leftist organizations. Of these, 61 percent have remained loyal to the camp of traditional socialists and ecological socialists also among the Greens, 12 percent have turned into fundamental oppositionists, only 14 percent have become followers of realpolitik, and only 13 percent are today among the politically moderate or are not clearly profiled groups. Among most former members of radical leftist or extreme leftist organizations, it is hardly possible to observe a profound change of attitude in the Green party elite. On the contrary, numerous stands by insiders make mention of the fact that particularly the "ecological" positions of the Greens are coming under increasing pressure by conventional radical leftist forces in the party. (footnote 26) (In a "good-bye letter" of 4 June 1984 addressed to the Baden-Wuerttemberg Greens, former Landtag Deputy Elsbeth Mordo mentions her impression that "within the Greens a small group of activists became prominent who are not interested in the environment, peace, and human dignity but are interested in achieving state power somewhere left of the SPD or, worse, in destroying the state." Gerd Bastian, before resigning as a Bundestag deputy of the Greens, mentioned that the Greens "Nationwide are trying with increasingly less restraint to modify a Green policy of giving priority to ecology and nonviolence by making it conform to antiquated class struggle concepts." (TAZ 21 Jan 84, p 5). The charter declaration of the "ecological libertarians" stated that the party was increasingly falling "into the hands of socialist cadres with non-Green objectives," and Ralf Fuecks, who replaced a Bremen deputy, mentioned that the type increasingly becoming the predominant type among the Greens was the "veteran leftist old hand between 30 and 40." See GRUENER BASIS-DIENST (1984) 3, p 24; *ibid.* (1983) 12, p 44.

The eight mentioned internal party wings and groups of the Greens are distributed quite irregularly among the party's various representations in the Bundestag, the European Parliament, and the various Landtage. Broken down into parliamentary representations, most of the fundamental oppositionists are in Hesse, most ecological socialists in Hamburg and Bremen, whereas the traditional socialists and the other nonecologists dominate in the Alternative representations of Hamburg and Berlin. Followers of realpolitik are to be found primarily in Lower Saxony and Hesse, economic liberals had a certain stronghold in the first parliamentary team of the Greens in the Baden-Wuerttemberg Landtag. Value-conservatives occupied a similar position on the first team of deputies of Bremen and Lower Saxony, and pure ecologists, in addition to Baden-Wuerttemberg, are primarily at home on the party's second Bundestag team.

In other words, radical trends rather predominate in the city Laender, while moderate groups have so far determined the picture in the other Laender. This spectrum of internal party representations in parliaments makes it clear on the whole what enormous political-ideological conflict potential continues to exist in the party.

The configuration of internal party trends and groups has been subject to considerable shifts since the founding of the party. The traditional socialists, the other nonecologists, and also the fundamental oppositionists to this day have been able to expand their internal party positions. Whereas the proportion of traditional socialists was still only 23 percent on the second parliamentary team of the Greens, on the third and fourth team as many as 31 percent of deputies and replacements are part of this group. Following a reduction to only 5 percent on the second team, the fundamental oppositionists again make up 14 percent on the third and fourth teams of the Greens. On the party Federal Executive as, the "Fundis'" quota is disproportionately high. The other more moderate groups will clearly lose ground soon at least among the party's parliamentary representatives. Within the Greens' third and fourth team of deputies, followers of realpolitik have gone down from about 30 percent to no more than 7 percent. Economic liberals and ecologists have almost disappeared, and the quota of value-conservatives is stagnating.

All told, contrary to the "basis democracy" intentions, internal party trends are marked by entanglement of posts and accumulation of posts among the Greens as well. One-third of the Green deputies examined here held a party post before or after having been in a parliament--ranging from a seat on the Federal Executive or a Land executive to being employed by party organizations. Among the Greens too, a personnel overlap between party bodies and parliamentary representations is beginning to emerge.

In other words, the phenomenon of accumulation of posts is no longer rare among the Greens by any means. As many as 14 percent of party representatives have already held three or more party posts or parliamentary seats (inclusive of the municipal level). Since a representative gets a headstart over the party base as far as organization and responsibility are concerned, the Greens too are witnessing the consolidation of a leadership team for which politics becomes a "profession." It is noteworthy that in this connection too former members of radical leftist and extreme leftist groups are ahead in the party. They have got into influential bodies such as the Federal and Land main committees or the Land executives to a disproportionate extent and occupy comparatively more posts and seats than the other leading representatives of the party. (Footnote 27) (In the statement quoted above, Gerd Bastian mentioned the "surprising success of the former 'Z Group' coming from the Communist League in occupying key positions with partly tested and partly newly won over likeminded personnel in party bodies, as well as the outvoting of the uncoordinated majority of persons holding different view in Parliament and in regional organizations by means of a clever and disciplined cadre strategy." (Cf. note 27)

Party Elite on a Downward Trend?

A look at the Greens' leading personnel shows them to be a party of leftist intellectuals, of middle-class college-educated people, but also as a party of problem groups of the younger generation as far as employment is concerned. Their leading representatives are active primarily in the areas of privileged activities in the academic sector, in the sector of services professions, in what Hermann Rudolph calls the "loosened fringe areas of the world of labor." In light of the widespread uncertainties of social and professional status, it would be wide off the mark to say that the Greens' party elite consists exclusively of members of the well-off new middle class. (Footnote 28) (Concerning the electorate of the Greens cf. the interesting new findings by Horst W. Schmollinger, "The Election of the Berlin Chamber of Deputies of 10 March 1985--Increasing weakness of the Party System in Regard to Mobilization and Integration," ZEITSCHRIFT FÜR PARLAMENTSFragen, 1985/3, p 351.") In its social composition, the leading personnel of the Greens thus reflects the structure of the electorate of the party as a whole far better than is the case in any other party.

The political attitude of the Greens' party elite, on the other hand, cannot similarly be considered to be a faithful reflection of the voters' hopes. As far as expertise of their representatives goes, the Greens' personnel matches only very tentatively the image of a party of ecology and environmental protection. The party elite and the electorate also have things in common to only a limited extent as far as the radical leftist factor in the Green image is concerned. True, the supporters of the Greens (differently from conditions as late as 1980) today come almost exclusively from the left half of the party spectrum and to a considerable extent are located on its left fringe, somewhat to the left of SPD supporters. (Footnote 29) (Thus 9 of 10 supporters of the Greens advocate participation by their party in a coalition with the SPD and participation in government responsibility, though a majority of Green representatives more or less rejects such an option. For a recent profile of the Greens, see Hans-Joachim Veen, "The Greens at the Limits of Their Growth," POLITISCHE STUDIEN (1985) 282, pp 356-367; the same, "Who Votes Green?" in AUS POLITIK UND ZEITGESCHICHTE, B35-36/84, pp 3-17; Helmut Fögt/Pavel Uttitz, "The Voters of the Greens--A System-Critical New Middle Class?" in ZEITSCHRIFT FÜR PARLAMENTSFragen, 1984/2, pp 210-226. For the electorate's coalition preference, also see Manfred Berger et al, "Strong Voters Movements and Stable Structures--No Test for Bonn, Landtag Elections of 1985," ZEITSCHRIFT FÜR PARLAMENTSFragen, (1985/3, p 428.) Yet this leftist orientation of the electorate remains rather vague and diffuse and is definitely not of such pronounced basically Marxist, socialist, or anarchist ideological tradition as is the case with considerable portions of the Greens' leading representatives.

Unquestionably the Greens' party elite also consists to a considerable extent of politically moderate and definitely well meaning politicians. This does not change anything in the general impression left by the analysis of their leading personnel, however--namely, that in the case of the Greens one faces an electoral association of quite heterogeneous trends in which a group of activists who used to belong to extreme leftist and radical leftist

organizations exercises a disproportionately great influence. As for actual participation in politics, the New Left is showing itself to be stronger than ever: for the first time since the early fifties, the extreme left has managed to play a role in the parliaments of the Federal Republic. Beyond that, in individual Laender former members of extreme leftist associations and organizers of illegal actions and militant confrontations have even obtained ministerial posts or otherwise have advanced to leading positions on executives. (Footnote 30) (DIE ZEIT 13 Jan 84; DER SPIEGEL (1985) 45, p 27.)

The radical leftist and extreme leftist provenance of part of the Greens doubtless is a crucial cause of the party's ambivalent attitude toward the question of force, toward the state monopoly in the use of force, and toward a state governed by the rule of law and its organs. The Greens are running the risk--to accommodate part of their clientele--of continuing here on the road of radicalization, which may cost them crucial support from among those of their voters who are politically moderate and capable of compromise. Over the long term, the fate of the Greens will be determined just so much by the political image of their leading representatives as by the problem of drying-out personnel resources, the reduction in media resonance, and loss in expertise compared with that of other parties.

8790/9435
CSO: 3620/622

POLITICAL

FEDERAL REPUBLIC OF GERMANY

IMPROVEMENT EXPECTED IN FRG-CZECH RELATIONS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 7 Apr 86 p 12

[Article by Viktor Meier, datelined Prague, April: "Is There a Spring Ahead? Prague Desires Better Relations With the Federal Republic of Germany"]

[Text] Over two years ago, at the time of the armament updating debate, Czechoslovak politicians, and not only Vasil Bilak, said that irreparable harm would occur in the relations between Bonn and Prague if the FRG agrees to the stationing of the new missiles. Prague followed the line of the then Soviet Foreign Minister Gromyko, which was openly rejected by Hungary. Today not only are the U.S. missiles installed but even the SDI agreement with Washington has been concluded and Federal Chancellor Kohl has said he will be present at the Whitsun meeting of the Sudeten Germans. Nevertheless, the German-Czechoslovak relationship seems to experience a kind of spring. Never before has the visitor been told so clearly and convincingly from an official Czechoslovak side of Prague's wish for all-around development of the relations with the Federal Republic, far beyond the economic framework. There is a "lot of catching up to do", it is said in Prague, and they want to make up for it.

Reversal of the Conditions

Since at that time there were people in Bonn, too, including in the government camp, who regarded the German policy towards the East endangered by the counter-armament, it appears worthwhile to look for the causes of this complete reversal of the conditions. Observers in Prague feel that Gromyko's replacement has played a big part; it made it possible for Czechoslovakia to act less rigidly and to shape its foreign policy to a greater extent in accordance with its interests. The consequences of changes in personalities are not to be underestimated in politics. Foreign Minister Chnoupek himself appears to attach great importance to this factor, for he argued at the time of the most recent Prague party congress comparatively calmly concerning the SDI that perhaps this project would not continue to be pursued by Reagan's successor.

Those who imperturbably maintained their course at that time can claim great merit for the fact that now, despite contrary prophecies, the German policy towards the East, at least as far as Czechoslovakia is concerned, starts to bloom. Similarly it appears of importance that today, approximately since the jubilee of the German-Polish treaty, the East European partners of the FRG

acknowledge that the concrete advantages from the mutual relationship, such as in economic and financial questions but also with reference to the relations with the EC, increasingly depend on their own behavior. Bonn has conveyed the idea that the constant and insulting "revanchists'propaganda" no longer would be swallowed automatically and that the principle of reciprocity would be observed more than in the past. Also the idea of differentiation of the German policy towards the East is now less strange.

The Federal Chancellor's office undoubtedly has a substantial share in this quiet "change" in German policy towards the East. The successes have come surprisingly fast. Not only Czechoslovakia but also Poland curtails its polemic and appears willing to "move" in the emigration question. Other East European countries express their readiness to assist the GDR effort to keep the inner-German dialogue open.

The Federal Chancellor's office per se appears well suited for a coordinating role in the East policy. On the one hand, all controls of the Germany policy are concentrated there, but on the other hand, the more strongly the principle of reciprocity is applied, it is all the more troublesome that the competences involved for an effective East policy are spread over different departments. The questions relating to the IMF are handled by the finance ministry. Hungary, Romania, Yugoslavia, and probably soon also Poland belong to the fund in which the FRG holds a strong position. Economic questions, bilateral as well as relations with the EC, are administered by the economics ministry. Unfortunately the political importance of this apparatus is only little understood there. The interior ministry is competent for the guest workers and also for activities possibly carried on by communist states in the FRG. Finally there is the Foreign Office, whose East policy activities, because of the separation of important areas of competence, frequently are too much concerned with atmospherics ("creation of a basis of confidence").

Troublesome Lignite

As far as Czechoslovakia is concerned, the questions of environmental protection have become the real keypoint of the intensified relations. Both sides have recognized that this task does not permit any further delay and they are already engaged in the stage of testing technologies. Czechoslovakia, which is dependent on its lignite until approximately the year 2000, has openly stated that only the FRG is a possibility as supplier of the technologies in question. Their costs are high but Prague has expressed its readiness, in view of the urgency of the matter, to even go into debt again for this reason. In the environmental question there is another party involved on the German side: the Free State of Bavaria. Its representatives make arrangements on their own, in part with the Czech Republic, thus with a partial state of the 1969-"federalized" Czechoslovakia, but in part also "in view" of the not yet concluded government agreement between Bonn and Prague. In the latter agreement, they have not been able to agree on a Berlin clause; such a clause would be acceptable to Prague, it is being said, if the inner-German cultural agreement, which is also being prepared, would establish a precedent for that. The question is whether, once all topics of subordinate importance have been solved, the Czechoslovak side would have sufficient interest in a government agreement with a Berlin clause.

In spite of good beginnings, Prague still has, to use a favorite expression of the most recent Czechoslovak party congress, "great reservations" to raise the relations with the FRG to the level of good neighborliness-from the treatment in the press to the issuance of visas and the handling of the customs control. Likewise Prague, which, with regard to the establishment of contact, is sensitive with its own opposition, appears to go extraordinarily far in its efforts to establish contact with the big German opposition party, the SPD, and to incorporate it so-to-speak as the "morally better Germany" in the international relations. SPD chairman Brandt, on the occasion of his latest visit to Prague, remaining formally correct, accommodated this effort by sharing Czechoslovak foreign policy ideas, such as the chemical-weapons-free zone in Central Europe. In the meantime, this combination has been superseded by proposals for overall solutions. In this connection, Brandt did not even succeed in getting permission for former Foreign Minister Hayek's son to study in Norway. Foreign Minister Chnoupek, at his press conference in the days of the latest party congress, devoted great attention to its "special foreign policy" with the SPD; he obviously wants to continue it under all circumstances and even hinted that Foreign Minister Genscher, too, shows "interest" in certain aspects. Observers ask themselves whether Genschner in his latest meeting with Chnoupek in Karlovy Vary has pointed out with sufficient clarity that it is the federal government and not the opposition which determines FRG foreign policy.

12356

CSO: 3620/649

POLITICAL

GREECE

REALISM SEEN SUPPRESSING ANTI-AMERICANISM

Athens TO VIMA in Greek 30 Mar 86 p 25

[Excerpts] Last Wednesday night at Syntagma Square a bilingual placard proclaimed with Libyan spelling: "Libya, Cemetery of the Amiricans [as published]." However, not only Libyans residing in Athens were present. They carried around color portraits of the "leader of the their revolution" and distributed their very expensive flyers (signed by "The Revolutionary Libyan Force in Greece") that gave assurances that "the sand of the Libyan Sahara will burn the feet of the American Colonialists." With them, however, there were Kurds, Turkish refugees and Greek demonstrators, from the entire gamut of the Left, demanding: "Bases of death go home" and "Hands off Libya!"

As was natural and to be expected, Mr. George Shultz's arrival provided a good opportunity to awaken anti-American rhetoric, which lies in wait, within the Greek Left (and not within it alone).

For some strange reason, the 25th of March was considered to be incompatible with the current diplomatic activities of the country.

The KKE characterized the date of the visit as a "clear provocation."

On the other hand, the American-Libyan dispute came at the right time to remind the indifferent ones that the threat of the American "colonialists" is always handy. Here there was not even the slightest hesitation: the anti-American bias worked to perfection. It was not only that the Left placed itself as a body on Colonel al-Qadhdhafi's side, even PASOK felt the need to moderate somehow the "statement of equidistance" that had been made by the government.

In order to accomplish this, there was a party statement that mentioned a "militaristic action" by the USA, a "Pax Americana," etc. It was thought proper "not to make a gift to the Left" of the anti-American climate engendered by the Sirte incidents. The government, on the other hand, did not wish in any way to prejudice the prospects of Shultz's visit.

Thus, the statements of PASOK's International Relations Committee appeared more or less as a half-measure with the additional fact that the text was not even signed by the Executive Bureau, but simply: The Party Committee having jurisdiction."

The same "middle-of-the-road" effort was made when it came to the anti-American demonstrations because the pro-government pacifist movement, KEDEA, was not among the organizers despite the fact that it sent its spokesman to Syntagma Square to deliver a rather colorless and platitudinous greeting.

Nevertheless, the anti-American feeling, the conviction--as the Libyans write in their naivete--that "the Americans' penchant for hatred and terrorism" is to blame for everything evil and the "desire of the leaders in the White House to spill blood" was not sufficient this time to fill the streets and the squares. A little because of the lessening of anti-American feeling and a little because of a more widespread sentiment that foreign policy and national independence demand a sense of balances and a correlation of forces led many to watch Shultz's visit on television.

9731

CSO: 3521/128

POLITICAL

NORWAY

TWO POLLS CONFIRM GAINS BY LABOR PARTY

Markedsdata: Eight-Year Labor Record

Oslo ARBEIDERBLADET in Norwegian 22 Feb 86 p 7

[Text] According to the January Norwegian Markedsdata political poll, the Labor Party is supported by 42.2 percent of the voters. It has been 8 years since the Labor Party had this much support.

The Labor Party is gaining support; all the nonsocialist parties, except the Center Party, are losing voter support compared to the December poll, the Conservative Party dropping from 30.7 to 30 percent and the Christian People's Party from 8.7 to 7.9 percent. The government parties and the Progressive Party combined are supported by 47.8 percent of the voters. This poll was taken between 20 January and 15 February.

The following shows voter support for the individual parties (change in voter support compared to the December poll in parenthesis):

Socialist Left Party: 5.7 percent (minus 0.8)
Labor Party: 42.2 percent (plus 1.2)
Liberal Party: 2.5 percent (plus 0.9)
Center Party: 6.4 percent (plus 0.2)
Christian People's Party: 7.9 percent (minus 0.8)
Conservative Party: 30.0 percent (minus 0.7)
Progressive Party: 3.5 percent (minus 0.4)
New People's Party: 0.7 percent (plus 0.4)
Red Election Alliance: 0.5 percent (minus 0.3)
Norwegian Communist Party: 0.3 percent (plus 0.1)
Other parties: 0.3 percent (plus 0.2)

	Elect. SEPT 1983	JAN. 1985	FEB. 1985	MARS 1985	APR. 1985	MAY 1985	JUNI 1985	AUG. 1985	Elect. SEPT 1985	SEPT 1985	OKT. 1985	NOV. 1985	DES. 1985	JAN. 1986
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
SV	5.3	5.3	5.2	4.6	5.1	5.3	5.4	5.8	5.5	6.4	6.5	6.1	6.5	5.7
A	38.9	39.4	38.4	39.2	38.2	39.7	38.7	38.5	40.8	41.5	41.8	41.5	41.0	42.2
V	4.4	3.7	4.2	3.6	3.5	4.5	3.7	3.5	3.1	3.2	2.6	2.2	1.6	2.5
SUM	48.6	48.4	47.9	47.4	46.8	49.5	47.8	47.8	49.4	51.1	50.9	49.8	49.1	50.4
S	7.2	6.2	5.2	6.1	6.4	5.3	6.0	6.6	6.6	5.5	7.3	6.1	6.2	6.4
KRF	8.8	8.4	8.5	8.3	7.7	8.4	8.5	8.1	8.3	7.6	8.0	7.9	8.7	7.9
H	26.4	29.1	28.7	30.8	31.0	29.9	30.1	30.0	30.4	30.4	28.0	31.0	30.7	30.0
FRP	6.3	6.5	6.9	5.5	5.8	4.9	5.3	5.4	3.7	4.0	4.8	3.6	3.9	3.5
SUM	48.7	50.2	49.3	50.7	50.9	48.5	49.9	50.1	49.0	47.5	48.1	48.6	49.5	47.8
DLF	0.7	0.5	0.5	0.6	0.3	0.4	0.7	0.7	0.5	0.5	0.4	0.3	0.3	0.7
RV	1.2	0.5	1.1	0.8	1.2	0.7	1.0	0.9	0.6	0.6	0.2	0.5	0.8	0.5
NKP	0.4	0.4	0.8	0.3	0.5	0.7	0.5	0.2	0.2	0.1	0.1	0.6	0.2	0.3
Other	0.3	0.0	0.5	0.2	0.3	0.2	0.1	0.4	0.4	0.3	0.3	0.1	0.1	0.3
TOTAL	99.9	100.0	100.0	100.0	100.0	100.0	100.0	100.1	100.1	100.1	100.0	99.9	100.0	100.0

Party-identification key: SV--Socialist Left Party; A--Labor Party; V--Liberal Party; S--Center Party; KRF--Christian People's Party; H--Conservative Party; FRP--Progressive Party; DLF--New People's Party; RV--Radical Liberal Party; NKP--Norwegian Communist Party

Gro Harlem Brundtland Comments

Oslo ARBEIDERBLADET in Norwegian 22 Feb 86 p 2

[Text] "The latest poll shows the validity of a prevailing general impression since the parliamentary election till now; the Labor Party is in a strong position," Labor Party leader Gro Harlem Brundtland commented on learning that the Norwegian Markedsdata February poll registered the highest Labor Party support in 8 years.

"The poll indicates that the government parties are having some problems. But I am saying this with reservation, being aware of the uncertainty connected with minor fluctuations in the polls. However, the poll suggests that the Labor Party's support clearly remains above 40 percent, and this confirms the image of a strengthened position," said the Labor Party leader, who is currently in Washington with the Foreign Affairs Committee.

Conservatives Maintain Election Figure

Oslo AFTENPOSTEN in Norwegian 1 Mar 86 p 3

[Text] The Labor Party and the Center Party are gaining, while the Christian People's Party is losing support, according to the AFTENPOSTEN Norwegian Opinion Institute (NOI) February poll. These fluctuations may seem sizeable at first glance, but everything seems to suggest they are simply adjustments in the giant January swings. For most parties, the February figures are very close to the NOI results 2 months ago.

The latest poll is probably good news to the Center Party because it suggests that last month's historical low of 4.8 percent was a statistical coincidence.

The Center Party is now supported by 5.7 percent of the voters, which is more "normal." But an approximate 6-percent level is still below the election result and can be depressing enough in and of itself. Polling figures indicate that the Center Party is losing about an equal amount of votes to the Conservative Party and the Labor Party.

Most important in the large view is the fact that the Labor Party is in a good period, registering approximately 42 percent voter support. Last month's loss of 2 full percentage points was coincidental and has been adjusted by a gain of 1.2 percentage points to 42.2 percent in February.

Consequently, the Labor Party is well ahead of last year's election result of 40.8 percent. This gain is due to positive tradeoffs with the three government parties, the Conservative Party losing the greatest amount of support to the Labor Party, but also being the only party besides the Socialist Left Party to get back some support from the Labor Party. The Socialist Left Party and the Labor Party are trading about an equal amount of votes.

Conservative-Party Support Stable

Stability for the Conservative Party is being confirmed by a 30.2-percent support this month (-0.2). This is, so to speak, identical to the election result of 30.4 percent. Tradeoff is negative with respect to the Labor Party, the Christian People's Party, and the Center Party, but about an equal tradeoff of votes between the Conservative Party and the Progressive Party. The fact that the Conservative Party retains its level of support is due to the influx of new voters. The Conservative Party continues to be the most popular party among persons under 30 years of age. On the other hand, about half of the oldest voters say they will vote for the Labor Party.

The Christian People's Party had the support of 9.5 percent of the voters in January, but today's 8.0 percent is probably more realistic and in greater accord with earlier party support, i.e., slightly below last year's election result.

The Progressive Party seems to have stabilized at the 3-percent level; the latest figure of 3.5 percent is the same as last month and only two-tenths below the parliamentary election result. Tradeoff of votes is almost exclusively with the Conservative Party. Progressive Party voters still basically constitute persons under 30 years of age. Only 1 percent of the voters over 45 say they support Hagen & Co.

Socialist Left Party Growing?

The Socialist Left Party (SV) also seems very stable, supported by 5.9 percent of the voters this month (-0.5). This is not much above last year's election result, which probably was somewhat of a disappointment to SV, but background figures may suggest that SV has a relatively greater potential for growth than do the other parties. The party is strongly favored among Labor Party voters. SV is often mentioned as the next best party over and above the nonsocialist parties combined. This could mean a sizeable gain for SV in a given situation.

The Liberal Party is standing still, supported by 2.3 percent of the voters (-0.1), and this is the 5th month in a row that the party's support has been in the 2-percent range. This is somewhat below the election result of 3.1 percent, which swept the party out of Parliament, and does not bode well for an early improvement.

A parliamentary election today would undoubtedly result in a socialist government. Every single poll since the last election has shown greater support for the Labor Party and the Socialist Left Party than for the three government parties. The ratio is now 48.1 to 43.9 percent, while the election result favored the socialist by just one percentage point. Even including Progressive Party voters, support for the nonsocialist parties is less than that of the Labor Party and the Socialist Left Party combined.

	Parl. elect.						Parl. elect.						1936	
	1981	Mars	April	Mai	Juni	Aug.	1985	Sept.	Okt.	Nov.	Des.	Jan.	Feb.	
	%	%	%	%	%	%	%	%	%	%	%	%	%	
Ap.	37.1	38.7	38.2	38.9	37.6	37.3	40.8	41.6	41.9	42.6	43.0	41.0	42.2	
DLF.....	0.6	0.2	0.5	0.1	0.3	0.6	0.5	0.6	0.5	0.0	0.3	0.4	0.8	
Fr.p.	4.5	4.4	6.1	4.0	3.3	4.1	3.7	4.5	4.1	3.1	3.1	3.5	3.5	
H	31.8	32.6	30.6	31.9	33.5	32.8	30.4	29.0	29.8	31.1	30.2	30.4	30.2	
Kr.F.	9.3	8.2	8.3	8.7	8.7	8.9	8.3	GALLUP/NOI		7.5	7.8	9.5	8.0	
NKP	0.3	0.4	0.3	0.1	0.3	0.3	0.2	0.2	0.1	0.0	0.1	0.4	0.2	
RV	0.7	1.0	0.9	0.9	0.5	1.3	0.6	0.6	0.7	0.7	0.6	0.3	0.6	
Sp.....	6.6	6.6	7.3	6.5	5.8	5.8	6.6	6.2	6.8	6.5	5.8	4.8	5.7	
SV	5.0	4.5	5.3	5.2	5.9	5.7	5.5	6.3	5.8	5.7	5.7	6.4	5.9	
V	3.9	2.7	2.3	3.3	3.7	2.9	3.1	3.3	2.7	2.5	2.7	2.2	2.3	
Other.....	0.2	0.7	0.3	0.3	0.5	0.3	0.4	0.4	0.0	0.4	0.6	1.1	0.6	
Sum	100.1	100.0	100.1	99.9	100.1	100.0	100.1	100.1	100.0	100.1	99.9	100.0	100.0	
Ap. + SV	42.1	43.2	43.5	44.1	43.5	43.0	46.3	47.9	47.7	48.3	48.7	47.4	48.1	
H + Kr.F. + Sp.....	47.7	47.4	46.2	47.1	48.0	47.5	45.3	42.6	44.2	45.1	43.8	44.7	43.9	
Ap. + SV + V.....	46.0	45.9	45.8	47.4	47.2	45.9	49.4	51.2	50.4	50.8	51.4	49.6	50.4	
H + Kr.f. + Sp. + Fr.p.....	52.2	51.8	52.3	51.1	51.3	51.6	49.0	47.1	48.3	48.2	46.9	48.2	47.4	

Figures in table show how many voters would vote in an possible parliamentary election if it were held tomorrow. Voters were also asked which party they voted for in the 1985 parliamentary election. The difference between the individual parties' support in this poll and the 1985 election result represents the change factor. This poll was taken between 10 and 24 February 1986. GALLUP/NOI

8952/12232
CSO: 3639/85

POLITICAL

PORTUGAL

PCP'S CUNHAL: FAILURE OF 'DEMOCRATIC LEFT' CONCEPT

Lisbon DIARIO DE LISBOA in Portuguese 27 Mar 86 pp 12-14

[Interview with Alvaro Cunhal, secretary general of the PCP, by Eugenio Alves; date and place not given]

[Excerpts] DIARIO DE LISBOA: The PCP has recently held several meetings with various party forces. Why were such meetings not held until now? Aren't they purely formal meetings?

Alvaro Cunhal: These meetings are the result of the real change in various aspects of the political situation and the result, primarily, of the progress in democratic convergence that took place throughout the presidential election process, both in the first and in the second round. There was important convergence in the first round, and in the second round, that convergence was enlarged. The meetings were also possible because, unlike what had happened in previous years and by virtue of political developments in 1985-1986, unitary feeling among the masses had spread and grown particularly vigorous. And, too, the various democratic forces have had a desire for dialogue in the wake of a particularly dangerous period for democracy, in which, for the first time in many years, the dividing line between political forces has placed the reactionary parties on one side and the democratic parties on the other.

DL: But hasn't that situation changed already?

A.C.: In what sense?

DL: In relation to the PRD [Democratic Renewal Party], for example, which supported the election of Mario Soares but now seems interested in an agreement with the Cavaco Silva government, as Freitas do Amaral was calling for in his campaign.

A.C.: We do not share that opinion. When I was talking about the immediate reasons why that series of meetings with democratic parties was possible, I did not mean that convergence on a democratic alternative was assured or even already in the offing. What we are talking about is dialogue, and it is a new dialogue corresponding to a new situation and opening up new prospects. It will be necessary for those prospects to take definite shape.

DL: But aren't you afraid that the PRD may set up a new "central bloc" with the PSD [Social Democratic Party]?

A.C.: What we think as far as both the PRD and the PS [Socialist Party] are concerned is that in the present situation, any party which decided to again be the key party in implementing the Right's policy in alliance with the rightwing parties would be doomed to failure. Such an attitude would correspond neither to the requirements of the present situation nor to the prospect of a new policy, which the country needs.

"Government Serenading"

DL: Still, the government seems to have built up a certain image of efficiency and competence in the eyes of public opinion.

A.C.: The government is courting--or serenading, if you will--the PRD. Obviously because it senses isolation. It senses the isolation of the reactionary parties. It senses that if it does not get a commitment from the democratic parties along the lines of the commitment previously assumed by Mario Soares and the PS, it will have no great chance of moving ahead with its counterrevolutionary plans. Being in a minority situation, it is again trying to broaden the base of support that will allow it to continue governing institutionally.

Cavaco, Eanes, and PRD

DL: How do you interpret the good relations between Eanes and Cavaco Silva?

A.C.: We actually saw a televised interview by General Ramalho Eanes in which he distinguished between a good institutional relationship as president of the republic and the ideas and political plans he himself may have. So in light of that, we do not have a firm opinion on the point raised in your question.

DL: The current chairman of the PRD himself, Herminio Martinho, has expressed favorable opinions concerning the government.

A.C.: The PRD's current chairman even said that his party regarded the government's action as "favorable overall." I have already had occasion to state publicly that the PCP regards the government's action as unfavorable overall. So our opinion differs from that expressed by the PRD. But to conclude from this that there is a political relationship or political commitment, as might be inferred from your question--well, I really would not like to go that far.

DL: But the PCP placed a great many hopes in the appearance of the PRD.

A.C.: We Communists welcomed the PRD's appearance in national political life because we felt, and still feel, that recent years have seen a separation between our people's social interests and their representation in the party area and in the Assembly of the Republic. That led us to conclude--and this was a basic thesis at our 10th congress in December 1983--that there existed

an extremely vast space which was empty socially, politically, and from the party standpoint and which was likely to welcome messages from new democratic parties responding to the dissatisfaction caused in people who had voted for the PSD and the PS by the disastrous rightwing policy pursued by those parties.

We Communists offer the solution to the problems of those social sectors. It is therefore with the PCP that those sectors could struggle for a democratic solution. But we know that because of anticommunist prejudices, many people are not turning to us. We are in a position to fill part of the gap, but not all of it. That is why we say: the conditions have been created for the appearance of a new democratic party. That party did appear, and it was "President Eanes' party," as we called it before it became the PRD. Events seem to confirm that it will continue to be the party deserving that designation. A few days ago we held a meeting with that party at its headquarters and found that President Eanes' portrait occupied the place of honor in the room.

If by chance that party were tempted to make an alliance with the Right, we have no doubt that not only would it not fill the politically empty social space just mentioned, but it might also lose the support it received initially thanks to the hope placed in a new message.

PS: "Something Has Changed"

DL: How did the meeting with the Socialist Party go?

A.C.: All the meetings with the various parties took place in a calm atmosphere and consisted of an exchange of opinions, although on matters that were not gone into thoroughly. In all the parties with which we met, a desire to continue the dialogue was expressed. This is a new situation in our relationships, and we consider it positive.

DL: On the subject of your meeting with the PS, you said that "something is changing."

A.C.: That is what I just finished telling you. It is the possibility of dialogue among the democratic forces and especially with the PS, with which our relations were cut off many years ago on orders from Mario Soares. So something has changed.

DL: Do you feel that Mario Soares' departure from the leadership of the PS may contribute to better relations between the PS and the PCP?

A.C.: I don't know. I would not like to get into somewhat touchy questions involving the internal politics of other parties, but since you have touched on what the departure of party leaders can mean as far as the policies of those parties are concerned, I can point out that except for the PCP, all the parties are in a phase of transition. The candidacy of Vitor Constancio has been put forward in the PS, and now Almeida Santos is saying that he supports the candidacy of Jaime Gama for secretary general.

DL: Which of the candidates strikes you as most suitable from the standpoint of a better understanding between the PS and the PCP?

A.C.: Almeida Santos says that Vitor Constancio's candidacy is supported by the former secretariat, but I don't know if that is the truth or a lie. In any case, there may be differences of an ideological or even a programmatic nature. As far as the PRD is concerned, there may be no prospect of a change in program, but there is discussion as to whether or not Gen Ramalho Eanes should be its formal leader. In the case of the CDS [Social Democratic Center Party], it is Adriano Moreira, and I don't know who the other person is. What is certain is that there is a quarrel over strategy in the CDS. And in the PSD for now, it is Cavaco.

Left and Leadership

DL: But in the case of the PS, for example, all indications are that Vitor Constancio will be that party's next leader.

A.C.: I don't know. You know more than I do.

DL: Considering the support he has, everything indicates that he will be. But still on the subject of Vitor Constancio, he is considered an enthusiastic supporter of the so-called convergence of the "democratic Left" that does not seem interested in dialogue with the PCP.

A.C.: "Democratic Left" or "new Left"--there are a lot of names for it. But based on the debates already held--many debates: debates published in the press, debates on television, and debates on radio--it seems to us that on the pretext of renewal and modernity or modernization, an attempt is being made to revive old schemes whose bankruptcy has been proven over the past 10 years. In other words, those are old schemes for a democratic space or a so-called democratic Left that would be open to an understanding with the Right.

Incidentally, there is one commentator who says that that "democratic Left" is much closer to the "democratic Right"--meaning the PSD--than it is to the PCP. When all is said and done, it is a new plan for renovating the "central bloc" without calling it that. In our view, such plans are doomed to bankruptcy. They correspond neither to the requirements of the Portuguese situation nor to the real chances for an alternative. They do not take into account some basic data that can be deduced from the events of 1985-1986, specifically the presidential election.

There is no democratic unity and there are no democratic forces capable of facing up to the reactionary forces and finding a solution without the Communist Party. Without the PCP, the democratic forces are powerless in the face of the reactionary forces. The presidential election abundantly illustrates the truth of what I have just said. All the democratic candidates would have been defeated by the extreme Right, and by a large margin, if the PCP had not made the responsible decision to step in to defeat the rightwing candidate.

Lastly, and this is another point to be deduced in this connection, a democratic alternative without the PCP cannot exist in Portugal, considering the arrangement and current correlation of forces.

DL: But in the current political context, isn't the PCP doomed to be a minor partner in solutions dictated by the PS or the PRD or even by an agreement between the PS and the PRD on an alternative to the present government?

A.C.: If they come to an agreement, I don't know whether they will consult us or not. But as we have already stated, the PCP is not a party that is going to make possible a government adopting the rightwing policy that has been pursued over the past 10 years.

DL: Aren't you afraid that leadership of the Left is going to be taken over again basically by the PS?

A.C.: There are those in the PS who, rather than talking about the union of the Left, are already talking about leadership. What is important for Portuguese democracy, the people, and the country is that democrats exchange ideas without preconceived ideas of hegemony. Let them exchange impressions, find out in fact what the solutions are, study, and examine, and all with the basic intention of reaching conclusions that will guarantee the defense of democracy against the dangers which continue to exist, specifically in the Cavaco Silva government. That is where the greatest danger from the Right and the extreme Right is situated today. It lies in the continuation of demagoguery: in the government's use of the sizable funds which more or less came crashing down on it from the sky--about 150 million contos thanks to the drop in the price of petroleum and the depreciation of the dollar--and which may wind up in "slush funds" to be spent on demagogic maneuvers. What we need, therefore, is an agreement to combat that danger and also to solve the extremely serious social, economic, cultural, and political problems caused by the rightwing policy of the past 10 years.

DL: But the Portuguese-speaking African countries appear to be more pleased with this government.

A.C.: I don't know. They must have many reasons to complain about the previous governments. Words are sometimes deceiving. We have no direct confirmation of what you have just said.

"A Pity"

DL: Do you feel that this government is in a position to last longer than the last one? Do the conditions exist for an alternative?

A.C.: The need exists. So does urgency. Institutional conditions? That depends on the will of the democrats.

DL: For the first time in recent years, the PCP is not calling for the government's "resignation now."

A.C.: There has always been a point at which the PCP considered it necessary to say "throw the government out." It is very natural that that day will also come as far as this government is concerned, because we do not believe that it will stay in office the full 4 years.

DL: But the word of command has not yet been issued, has it?

A.C.: I haven't heard it yet. But so that there will be no misunderstanding on that point, let me say that in no way do we consider this government's policy to be any better than that of the preceding rightwing governments. The methods may vary a little, an example being the technical application of knowledge in the financial area, but there has been no basic change at all. It is simply that the political and economic situations and the correlation and arrangement of forces are different.

DL: What did you think of Cavaco Silva's speech before the Assembly of the Republic?

A.C.: It is a pity that the prime minister still does not understand what it means to respect the normal functioning of democratic institutions.

"No Crisis in PCP"

DL: The PCP lost votes in the legislative elections, lost seats in the local government bodies, saw its candidate defeated in the presidential election, had to vote for Soares, and had to face the Pintasilgo "phenomenon." Hasn't all that caused serious wounds in the party? Isn't there a crisis in the PCP?

A.C.: There is no crisis in the PCP. Neither a small one nor a big one. I even believe that in this phase of Portuguese political life, the PCP has demonstrated not only the solidity of its policy and internal unity but also the high sense of its responsibility as the national party of its militants and those who normally vote for it.

The second round of voting in the presidential election was an extraordinary demonstration of the political awareness of the party and its militants and of its unity. The reason is that in fact, it participated decisively and determined the way in which the national situation would evolve in the near future. And the fact that it participated without having a candidate, issuing an appeal to a candidate who was not its own--a candidate who for years had led the counterrevolutionary process whose consequences our country's working classes are still feeling in their flesh--demonstrated our party's high sense of responsibility and its great internal strength and unity. Holding a congress like ours, for which the preparations were made in 4 days and which included over 800 plenary sessions with the participation of 30,000 militants, resulting in a decision by the 800 delegates that was supported by the militants and the PCP's voters en masse, gives proof of the party's profound unity, its prestige and influence, and a very strong link with the working masses. There is no crisis in the PCP. On the contrary, we are currently experiencing a new advance in the strength of the PCP, not only in organizational terms but also in political terms.

DL: But in your report to the special congress, you acknowledged the FCP's inadequate analysis of such issues as young people, women, the ideological battle, the cultural front, media policy, and so on.

A.C.: That is true. And that concern predates the congress. On the subject of women, for example, a national conference was even announced at one point. So we feel that we are behind. That is obvious with respect to young people. For a long time, we have been discussing not only the negative trends resulting from extremely serious problems of an objective nature in the lives of young people but also our slowness in responding to those problems, not only on the political and organizational levels but also on the level of mobilization, contact, and influence. This has been a very big concern for us, our young Communists, and the JCP. At the congress, attention was called to the inadequacy of our study of the question and our responses.

With that in mind, it was decided that among our activities for 1986, the problems of young people would be given special attention by our party. The preliminary work for tackling those problems and the others you mentioned in your question is already underway.

DL: When will the next congress be held?

A.C.: According to the bylaws, they are held every 4 years. So in principle, since the last one was in 1983, the next one should be held in 1987.

11798

CSO: 3542/85

POLITICAL

PORTUGAL

PAPERS REPORT ON DISSENSION WITHIN PCP

Militants Sign Dissenting Document

Lisbon O JORNAL in Portuguese 28 Mar 86 p 2

[Text] In a document signed by 11 PCP militants in Lisbon, Amadora, and Setubal, we read: "Comrades, in view of the present situation, it is necessary--it is urgent--for mouths in the party to open. If that does not happen, the errors and shortcomings in our work will not be overcome and the party will move toward a very dangerous situation."

That document, which appeared following the defeat of the PCP's strategy for the first round of balloting in the presidential election, is dated 29 January 1986 and has had limited circulation. It is the first document--as far as is known--to challenge the policy of the PCP's leadership head on.

At first glance, this would appear to represent a "rightist deviation" (in the PCP's jargon, with some resemblance to stands taken in the 1950's, but making allowance for the time and political situation in which it is occurring--this being a period of democratic legality in which the system is not being challenged by the Communists).

The communication, to which O JORNAL has had access, acknowledges that "in the present circumstances, mouths will not open either at congresses or at very broad conferences, where it is difficult to speak and difficult to reflect and compare opinions. For that matter, meetings of that kind are attended almost exclusively by those identifying completely with the official line."

Basically, what that small group of protesters takes exception to in particular is the PCP leadership's erroneous analysis of the correlation of forces and the fact that no account was taken of "structural changes in Portuguese society and the capitalist system itself."

Concerning the results of the first round of balloting in the presidential election ("a severe defeat--one of the most serious since 25 April [1974]"), the authors of the document write that "the guidelines laid down by the Central Committee led us into a battle involving serious risks. The party leadership decided to run those risks knowing full well that we would

'conspire' (to use comrade Veloso's picturesque expression) if by chance we did not win."

Less Political Influence

The signers of the document, copies of which were numbered and sent to a few militants not on the Central Committee, say: "Our political influence has been dwindling because mass struggle is declining on all fronts. Is it necessary to recall what is happening in the workers' struggle for their demands within the firms? Or what is happening in union action? Or what is happening in the movement by farmers, young people, and women? Is it necessary to recall the failure of the fight against unemployment, price increases, and austerity? Is it necessary to recall the defeat of the demonstrations against Reagan's visit and the almost total absence of a peace movement? AVANTE!'s festivals must not continue to deceive us. The party's influence and its ability to mobilize have been declining alarmingly."

The document from which we are quoting is said to have been known to and signed by at least one official with responsibilities among the intellectuals and one former underground militant.

The signers recognize that the problems in question will not be brought up at congresses. To make it possible for "mouths to open," they are proposing the establishment "throughout the party" of a very different climate for debate and the confrontation of opinions than the one existing now, which is described as being characterized by "passive and unenthusiastic acceptance of the ideas and rules coming down from the top."

The authors of the document also propose that "AVANTE! start a column for debate in which militants (and even sympathizers) can express their viewpoints openly and fully without fear that the organization's 'official' will skillfully shut them up and in the certainty that they will really be heard by the leaders and the entire party."

PCP Maintains Relative Strength

Lisbon SEMANARIO in Portuguese 27 Mar 86 p 3

[Article by J. P. B.]

[Text] There is one Communist Party in Europe which does not seem to be undergoing the generalized erosion affecting its brother parties, and that is the Portuguese party. This may seem debatable at first, because although the PCP's share of the vote is remaining constant, its influence among the masses and the elites is dwindling. But one thing is obvious: despite everything, the PCP has remained relatively unscathed.

This can be explained immediately by the fact that it is well represented in local governments and unions, like the Italian CP--which is also among those whose decline has been most serious. On the other hand, and contrary to what has happened in Spain and France (and is beginning to happen in Italy), the

Socialist Party's activities and growth have been moving toward the right, thus leaving the PCP room in which to maneuver. The PCP can always accuse the Socialists of successive "betrayals" of the Left and of "rightwing policies" and thus make headway with one of Europe's most underprivileged populations.

Along with its union and local government connections, which were established in what was almost virgin territory immediately after 25 April 1974, there is its still sizable influence on the media. This also has to do with the slowness with which intellectual fashions reach Portugal--one of the last countries in Europe where classic Marxist discourse is still propagated in the newspapers.

The continuing presence of a strong leadership that manages to disguise internal criticism completely has also helped to maintain the "water line." But all of this may change as the problems of succession in the PCP increase. And the recent presidential election, in which the PCP had three candidates in a single month and was unable to mask the discomfort caused by the Pintasilgo phenomenon, caused a previously monolithic edifice to creak for the first time.

11798

CSO: 3542/85

MILITARY

EUROPEAN AFFAIRS

FRENCH ARMAMENT INDUSTRY STUDIES NORDIC MARKET

Paris L'USINE NOUVELLE in French 13 Mar 86 pp 42-44

[Article by Alexandra Schwartzbrod: "Promises of Scandinavian Market"]

[Text] Saab-Scania has chosen two French aircraft equipment manufacturers, Microturbo and Intertechnique, to participate in the Swedish JAS [fighter-attack-reconnaissance] aircraft program (Swedish Air Force's future multirole combat aircraft). France has thus penetrated "through the front door" into what is considered to be one of the most inaccessible and difficult markets.

Microturbo will supply the future JAS 39's auxiliary power unit (APU). But this is not the French company's first entry into the Swedish market. Back in 1979, it was selected by Saab Missiles to participate in manufacturing the RBS-15 missile. The latter is a large-scale program inasmuch as the Swedes already have the naval surface-to-surface version, the RBS-15M, in production, are testing its air-launched antiship version, the RBS-15S, and are said to be studying a third version. Numerous countries are interested in this Swedish missile. Finland is reported to have ordered a series of them in 1985.

Microturbo's sales in Sweden last year amounted to 17.2 million francs. The company's total volume of business in 1985 was 4.1 billion francs, 42 percent of which was in export sales. Microturbo's share of the Swedish market is expected to increase in the coming years because the company is scheduled to deliver 20 to 30 APU's per year to Saab-Scania toward the end of the century when the JAS 39 goes into full production.

Intertechnique, on the other hand, enters, with the JAS 39, the Scandinavian market for the first time. It will supply Saab-Scania with the future combat aircraft's fuel system, oxygen system, and radar cooling system. This extensive program makes Intertechnique more than an aircraft equipment manufacturer and almost an airframe manufacturer. This French company's volume of business in 1985 was 480 million francs, 40 percent of which was in export sales. It was undoubtedly awarded the Saab-Scania contract because, unlike its competitors, it had the capability of manufacturing these various systems in their entirety. In other words, it was able to assume full responsibility for design, development, and production of complete systems. Another very important factor was the various offsets Intertechnique had to offer in exchange for the contract. These offsets represented nearly half the total value of the contract.

Are these Microturbo and Intertechnique contracts a hopeful sign for French manufacturers in general? In any case, the latter need no longer despair of increasing their presence in a Scandinavian market which, by its solvency and stability, is currently attracting manufacturers throughout the world.

Nevertheless, access to the Scandinavian market is not a very easy matter! If only because of Scandinavia's geopolitical situation. Sweden is a neutral country, while Norway and Denmark are members of the EEC. As for Finland, its position is such that it cannot be dealt with on the same level as other Scandinavian countries, especially where armament matters are concerned.

Moreover, local competition in that region is fierce. And the most formidable competitors are perhaps the Swedes who have a highly advanced and efficient arms industry and occupy a most favorable position for exerting influence throughout the region. With such world-renowned firms as Bofors, Ericsson, Hagglunds, Saab, and FFV, Swedish industry leaves few slots open to foreign manufacturers.

Yet, in this connection, France does have one major asset, namely its mastery of high technology coupled with its leadership role in European space programs. These are two fields of activity in which Scandinavians are seeking cooperation agreements, indeed even technology transfers. For instance, Norway, which recently became a member of the European Space Agency (ESA), will no doubt eventually cooperate in such major ESA programs as Ariane, Columbus, Hermes, etc. And although France is only the fifth-ranking arms supplier to Scandinavia--behind the United States, Sweden, Great Britain, and Germany--it currently is becoming an increasingly important partner.

Norway is no doubt the most promising Scandinavian market for French arms exports. After having been dormant for many years, trade relations between France and Norway experienced a real resurgence of activity in 1981 with the signing of a French-Norwegian intergovernmental cooperation agreement designed to restore balance to trade in military equipment between the two countries. Since then, the volume of this trade has appreciably increased (approximately 50 million francs on both sides in 1985). Norway's annual spending on military equipment currently amounts to some 6 billion francs out of an overall defense budget of 14 billion francs. At the present time, Norway is obviously the Scandinavian country most accessible to French technology.

It was not by chance that Norsk Data, a Norwegian firm, was one of the first to actively support France's proposed Eureka program by signing an agreement with Matra in June 1985 for joint development of a family of minicomputers designed for both scientific and technical applications. In addition to being a success for Matra's management, this agreement is representative of the type of cooperation desired by Norway. Matra also expects to negotiate similar agreements in the space and components fields within the next few months. Norway is highly desirous of concluding cooperation agreements in both of these fields.

We hope Matra is more successful with Norway in these two fields than it has been in the missiles field. In fact, a few weeks ago the Norwegian Army chose the Swedish Bofors RBS-70 missile instead of Matra's SATCP (very short-range surface-to-air) missile (a 700-million franc contract), thereby dealing

a serious blow to the leading French missile manufacturer's chances in that market. Jean-Luc Lagardere's firm [Matra] is especially disappointed because Norway was one of the countries most interested in the latest member of the Matra family of missiles. To such an extent that in an effort to put all the odds in its favor, the French firm had already offered to conclude a cooperation agreement with Kongsberg, the Norwegian manufacturer of the Penguin missile.

Does this mean that Matra has definitely lost the Norwegian antiaircraft missile market? Matra executives refuse to think it is. They hope that in the medium- or long-run the Norwegians will turn to the infrared-homing Mistral SATCP missile to complement the laser-guided RBS-70 missile in providing an effective defense against aircraft equipped with electronic countermeasures systems. Especially as the Swedish Bofors missiles ordered by Norway reportedly provide only part of the country's planned overall antiaircraft defense system.

Thomson-CSF remains the leading French arms supplier to the Scandinavian market. In 1983 and 1984, its volume of business in that market topped all other French firms. Its military materiel orders received from Scandinavia rose to 200 million francs per year as a result primarily of large contracts for radars and sonars. In 1985, however, this figure dropped to 80 million francs. Thomson-CSF's marketing and sales strategy varies with the most solvent potential customer regions: pre-1973, NATO; 1974 to 1984, the Middle East; and today, the entire industrialized world. In the company's view, Scandinavia is now a key sales target. So much so that in 1985 Thomson-CSF opened an office in Stockholm with a permanent representative responsible for company operations throughout Scandinavia.

Today, Thomson-CSF considers Norway to be more than a customer. It is also a veritable partner, as evidenced by the antiaircraft-defense system agreement, signed a few years ago. Under that agreement, Thomson-CSF agreed to grant Norway industrial offsets amounting to 70 percent of the contract's value, offsets either in the form of purchases on the local market or by organizing the manufacture of components in Norway.

The latest contract, signed in 1984, between Thomson-CSF and the Norwegian Naval Materiel Directorate is a perfect illustration of this partnership. This contract of approximately 100 million francs covers delivery of the new Spherion sonar developed from Thomson-CSF's existing family of sonars--the Diodon sonar, in particular--but modified by Norway's Simrad-Subsea company to meet the Royal Norwegian Navy's special requirements. This contract is really not a sale but rather a cooperation agreement which is said to have been well perceived by the Norwegians and very likely to be followed by numerous orders of the same type.

For Aerospatiale, whose principal assets in Northern Europe are its helicopters, the Scandinavian market is still far from being the Eldorado currently expected by certain French and foreign manufacturers. In Scandinavia, Henri Martre's firm [Aerospatiale] continues to encounter stiff competition from the Germans. Nevertheless, it does expect to reverse this trend someday. Having already sold Norway Super Puma helicopters to service the country's offshore oil platforms, Aerospatiale is now interested in the Norwegian military transport helicopter program that could be launched this year provided the country has the necessary financial resources.

In 1975, GIAT (Industrial Group for Land-Based Armament) sold Norway 90-millimeter guns to modernize that country's tanks. Since then, GIAT has maintained continuous relations with Norway, notably in the ammunition field, and particularly with Ranfoss, a Norwegian ammunition company. Furthermore, GIAT hopes to sell Norway its towed 155-millimeter guns. The latter underwent comparative field evaluation trials in Norway a few months ago.

GIAT had planned to cooperate with Kongsberg in implementing this attractive program, but the program has been deferred for economic reasons. It has not been abandoned, however.

Lastly, one of the major military programs planned for the next few years is the Royal Norwegian Navy's new mine warfare ship program. It is expected to be implemented in the very near future. This program will very likely be of interest to such French equipment manufacturers as Thomson, CSEE, ECA, and others.

In 1983 and 1984, the balance of trade in military materiel between Sweden and France showed a slight surplus in favor of the latter with French exports totaling between 30 and 40 million francs. This relatively low export sales figure has been steadily rising, however, ever since the major marketing and sales offensive launched 2 years ago by French industry attracted by the large Swedish defense budget--20 billion francs, including 10 billion allotted to equipment procurement--and by the new slots left vacant by national Swedish production, namely for combat helicopters, missiles, and minehunting sonars.

Thomson-CSF continues to be Sweden's leading French military equipment supplier. In addition to the TMS 20-22 minehunting sonars sold in 1983 to the Royal Swedish Navy for some 100 million francs--this program is now underway--the firm headed by Alain Gomez [Thomson-CSF] could also participate in two other projects scheduled for implementation in the next few years, namely the renovation of surveillance and control systems, and the procurement of new airborne maritime surveillance radars. Sweden will require foreign cooperation in these two major programs. And Thomson-CSF appears to be in the best position to provide that cooperation.

For Matra, on the other hand, the Swedish market remains much more difficult to penetrate. Its failure to sell Sweden its Magic air-to-air missile a few months ago is patent proof of this difficulty. Magic was dropped from consideration because of its price. Despite this, Matra definitely expects to renew its effort to capture the Swedish air-to-air missile market with the Magic's successor, the Mica long-range interception and dogfight missile.

Same case in point for Aerospatiale which in 1984 lost a 400-million kronor contract for 20 antitank helicopters to the Germans who offered larger offsets. At the present time, the French manufacturer is endeavoring to sell Super Puma helicopters to the Swedish Army which in 1990 is to begin replacing its fleet of heavy troop and cargo transport helicopters. Offsets will certainly play the major role in the awarding of this contract, and this time Aerospatiale fully hopes to make profitable use of the costly lessons it learned a few months ago from its failure to obtain the antitank helicopter contract.

Behind the aforementioned large French defense firms, there are other French manufacturers who also do business regularly with Sweden. Turbomeca, for instance. After having sold turbojet engines for Saab 105 trainers, Turbomeca is now reportedly negotiating a program for upgrading those aircraft. As noted earlier, Microturbo has been working regularly with Saab since 1979, while Intertechnique has been doing the same for only several months.

In the coming months or years, numerous Swedish defense programs could attract French firms, especially as Sweden, alarmed by the "noise of boots" reaching it from Murmansk and the Kola Peninsula, is seriously considering procurement of new defense equipment ranging from antitank weapons to submarines. Antisubmarine warfare forces and equipment are expected to be upgraded, thanks to an increase of 2.2 billion kronor in the 1983-1988 defense plan. Subsystems for the Swedish Army's new armored vehicle scheduled to enter service by 1990, has prompted numerous contacts between French and Swedish manufacturers.

Denmark has never had a very large defense budget--11 billion francs, including 6 billion for equipment--but Danish requirements are becoming increasingly extensive. Competition in Denmark from English-speaking countries is just as intensely bitter as ever and shows no signs of losing ground. Yet French companies have not remained idle. The first attempt at a rapprochement came in 1983 when the Danes signed with the French Government an agreement designed to revive cooperation in armament matters. This first step has encouraged contacts between manufacturers and thus established a regular flow of trade between the two countries. This trade amounted to some 15 million francs on each side in 1984. As a result, the attention of French manufacturers has been drawn to two particular sectors of the Danish defense market, namely naval and air defense materiel.

The Danish Navy is Thomson-CSF's favorite sector. In 1981, this company, in cooperation with local Danish industry, was awarded a 100-million franc contract for a command center. The visual display equipment for this facility was supplied by another French firm, SODERN. French firms hope to make the best possible use of this first example of successful cooperation when the next Danish defense program is launched.

In contrast, Matra's chances in Denmark seem to be seriously compromised because the company's main hope in this market rests, here also, on its Mistral missile recently rejected by Norway in favor of the Swedish Bofors RBS-70 missile. In fact, the Danes were awaiting the Norwegian decision before coming to their own decision. The Danish Army seriously needs such missiles, however, and does not yet have any missile system of the RBS-70 type. Even the Danish Navy is interested in the French system. Actually, the system's naval version was recently tested onboard a Danish ship.

Hence Danish requirements are clearly defined. Matra must now offer offsets or cooperation agreements attractive enough to have the Danes decide in favor of the Mistral system. The actual procurement program is scheduled for the 1990's but the Danes are expected to make their decision sometime in 1986. It is hoped they will not follow their Norwegian neighbor's example.

Another Danish project planned for implementation in the coming months is "Standard Flex". This is an ambitious program for development of some 10 modular ships for the navy. The Danes are also considering procurement of wheeled armored vehicles and antitank helicopters. It is highly improbable, however, that their defense budget will permit them to carry out all these programs simultaneously.

The fact is that in Norway, and perhaps to a lesser degree in Sweden, everything is a matter of priority. If the Scandinavians decide to give priority, in the coming years, to air defense or antisubmarine warfare forces, certain programs less "vital" to their defense will probably be postponed, or even cancelled.

If France wants to gain a lasting hold on the Scandinavian market, it must be convincing and maintain a presence in that market. It has only very recently managed to create a climate of confidence, notably in Norway with such agreements as the one between Matra and Norsk Data, or between Thomson-CSF and Simrad-Subsea. What is now still has to do, however, is get the better of foreign competition, particularly American competition.

8041/9869

CSO: 3519/155

MILITARY

FEDERAL REPUBLIC OF GERMANY

COSTS, CONSEQUENCES OF EARLY RETIREMENT STILL DISPUTED

Hamburg DIE ZEIT in German 28 Mar 86 pp 36, 37

[Article by Wolfgang Hoffmann: "Expensive Retirement--Did Defense Minister Manfred Woerner Miscalculate the Costs of Early Retirement?"]

[Text] Defense Minister Manfred Woerner once again faces trouble. Even before one of his early retirees has left the barracks, the minister faces three lawsuits. In these test cases it is to be settled in court up to final judgement whether or not Woerner's practice of early retirement is lawful.

Early retirement, which will start on 1 April and is also known as "action setting sun" or "golden handshake," was adopted last year with a law that the defense minister had pushed through against the resistance within his own ranks. To rejuvenate the forces, 1200 officers receive the possibility of voluntary early retirement.

Woerner's motivations to do something about the superannuation of the Bundeswehr leadership are completely honorable. Because of incorrect decisions by Social Democratic predecessors, the present situation is anything but ideal. Many company commanders suffer from frustration, especially when, at age 50, they are exposed to the stress of 60-hour weeks and when it is also demanded of them that they be models to 18-year-olds in jumping over the water ditch.

The "old ones," called "Opas" (grandfathers) by Manfred Woerner in a kind of Bonn blackout, are a consequence of the war-related age structure of the Bundeswehr. Since in the development of the Bundeswehr the 1926 to 1934 age groups were heavily decimated, especially those in the birth-boom 1935 to 1944 age groups became career servicemen. Up to their retirement, too many of them block the authorized personnel spots for young, eager officers. In Bundeswehr language it is put as follows: "The surplus of about 5000 officers of the 1935-1944 age group blocks the officers of all command levels in their present assignments. Thus the concept of assignment jam developed.

in reality, what is involved is rather a promotion jam, which, by the way, affects not only the forces but also other administrations, even private industry. The leadership posts are blocked longer than is the case in a normal age pyramid. But while industry can shunt its no longer quite so sprightly managers to less important positions, in the Bundeswehr another assignment is always linked to a

promotion. But since the good positions in the hierarchy are occupied, no one from below can move up. The consequence: a promotion jam.

At first parliament was ready to do something for the stress-plagued older company and battalion commanders--early retirement. However, it was made clear that this was not to be any social measure by any means. "On the contrary, it means a reduction of their pecuniary circumstances and early abandonment of the chosen profession for those affected," the defense minister pointed out.

That sounds sadder than it is. The blow of early retirement and loss of profession is after all being compensated. The pension is received ahead of time, at any rate 70 percent of the final salary. In addition, separation pay of a maximum of DM 40,000 is paid and there are in addition contributions for medical expenses. Moreover, the retired soldier can earn as much as he wants in private industry. That is enough enticement for 49-year-old colonels of salary class B 3 (minimum salary: DM 7,734.23 and minimum pension: DM 5,413.96) not to wait for their normal retirement age of 59. (Special age limits apply to soldiers.) The fact that twice as many soldiers applied for early retirement as are necessary (2400 applications, 1200 retirements) clearly indicates how attractive the "golden handshake" is.

But also those remaining behind can be happy--about coming promotions, and also in the upper ranks. Manfred Woerner retires not only the overage company and battalion commanders, which is the aim of the action. Only 207 of the retirees came from the lower leadership ranks, are captains and majors. The defense minister has set the early retirement so high that he hopes to resolve at the same time the complained-of promotion jam.

The mass of the young retirees is recruited from the upper officer ranks (872 colonels and lieutenant colonels). Once Woerner is rid of them, he triggers a wave of promotions. The large number of retirement applications from all ranks between A 11 and B 3 is also the reason why the minister now faces lawsuits. The defense minister chooses the retirees without formal criteria, the only criterion being the rejuvenation of the forces. Whether the judges in fact will grant so much arbitrariness to the boss state remains to be seen. Applicants whose pension qualifications are equal to those of other applicants, but who have to remain in the service while their comrades are permitted to leave, are complaining of unequal treatment. The German Bundeswehr Association--professional and protective association of the soldiers--has granted three of its members full legal protection, in other words promised money for the trials.

In case of loss of the lawsuit, which the present Defense Minister Manfred Woerner would experience as a very old man in view of the long duration to be expected--the 52-year-old is an Opa by his own definition even now--that is not the sole risk of the action "golden handshake." There is also a financial risk. When Bundestag and Bundesrat approved the law, the officials of the defense ministry had calculated the costs at DM 560 million. However, distrust towards this calculation is in order. The ministry regularly underestimates costs to overcome the parliamentary budget obstacle more easily. As soon as that is accomplished, the costs rise and are justified with the reference of inevitable and unavoidable measures.

In the early retirement the costs for the retirement ahead of time of 1200 officers of salary groups A 11 to B 3 depends on how many of the group involved are pensioned and on how many years earlier than usual their retirement starts. For example, if 1200 captains of salary level A 11 at age 50 are retired, then the action would cost only about DM 150 million. (The usual retirement age of a captain is 53.) But if 1200 colonels of group B 3 at the quite sprightly age of 49 get the "golden handshake," then Woerner would have to pay out DM 900 million for that.

The defense ministry put the costs to be expected between the two extremes at DM 560 million. It is likely that it arrived at the quite realistic magnitude, as the Federal Audit Office and the Federal Ministry of Finance confirmed. Of course, precise information can be provided only when the last of the "old ones" will have turned their back on the Bundeswehr--sometime in 1991.

Additional costs must be added to the DM 560 million in any case when the balance is drawn, even though that does not directly involve the early retirement law. Originally Woerner wanted to get rid of 1500 officers, the parliaments of the federation and the Laender granted him only 1200. However, Woerner received authorization to create 250 additional T/O positions with the notation "kw" (can be dropped). These positions make room for promoting an additional 250 older officers from a troop command to a staff or administrative position, thus providing a new assignment opportunity for a young officer in troop duty. The newly created staff position "can be dropped" as soon as the holder of the position has reached his normal retirement age. The costs of the additional action will probably be around DM 100 million.

But that will undoubtedly not remain that way. Past experiences with such positions teach us that in most cases it is not the positions so created that are dropped but the "can be dropped" notations.

An entirely different cost estimate on the action "golden handshake" has been made by the Cologne administration scientist Eberhard Meixner. Meixner, organization expert at the Technical College for Public Administration of Land Rhineland-Westphalia, at the behest of the League of Taxpayers, found that the early retirement will cost at least DM 1.2 billion: twice what parliament had granted to the defense minister. The professor even felt that the possibility could not be excluded that the costs at the end will add up to DM 2 billion and more.

The defense ministry rejected this calculation last spring. Meixner miscalculated, it was stated then. At any rate it was attested to the professor that he is "an expert of the public service" and moreover a "respected scientist." For Meixner, that was reason enough to go over his figures once again. However, the scientist stuck by his result.

In the meantime the pension dispute has sharpened. Only recently the ministry commented on the figures of the Cologne professor that there is "no occasion for speculations on dubious cost calculations." Small wonder that no administration scientists at that time agreed with the psychologist Meixner. The "respected scientist" of last year now becomes a "psychologist." But Meixner, with a BS in psychology, has been in the administrative field for 10 years.

The disagreement has the following reason: Meixner starts from the assumption that the early retirement triggers a promotion chain, which is not disputed by the ministry. For the more of the higher officer ranks leave, the greater become the promotion opportunities for the ranks below. In the opinion of the ministry, that does not lead to additional costs, because the T/O positions are available anyhow. However, Meixner asserts that, measured by the present situation, a great many younger officers get into higher positions a great deal earlier, thus they cost more money for a longer period of time during their active service, but they also cost more money during their later retirement. The calculation: A lieutenant colonel, who prior to his retirement now has the chance to become a colonel, receives higher retirement pay than expected.

Moreover, the Cologne administration scientist is afraid that a whole series of the retirees to be selected will be promoted shortly before retirement, so that they, too, could get the benefit of a higher retirement salary ahead of time. This could raise the cost of the action even more. It is true, the higher service position is counted only after the official or soldier concerned has served in the higher position for two years, but there is a loophole here, too. The defense minister can decide that an officer has actually served in a higher position at lesser pay conditions. In this case, the promotion shortly before retirement leads to a higher pension.

Whether there will be such cases cannot be said at this time. According to Meixner's cost calculations the personnel planners of the defense minister should take note. The Federal Audit Agency may review the calculations of Woerner's calculators. At any rate, Eberhard Meixner had asked for that. As early as last year he had encouraged the defense ministry to review with him what he had found out. However, the scientist was rejected. Lately the ministry has asserted that it was Meixner who did not follow an invitation. Meixner's rejoinder: "That is crazy. That is absolutely not so. I never received an answer."

12356

CSO: 3620/635

MILITARY

GREECE

FRENCH AIRCRAFT ELECTRONIC EQUIPMENT PURCHASE

Athens ETHNOS in Greek 29 Mar 86 p 15

[Text] Yesterday the Greek ambassador to Paris signed the most expensive document of his career, a signature worth Fr. 270 million.

This is the amount of the loan granted to us by a group of some 30 French banks for the purchase of electronic equipment from the French firm "Matra" for aircraft and missiles for the Greek Air Force.

This loan is for an 8-year term, with a 5-year grace period, at a rate of interest of between 4/8 and 5/8 above the London interbank interest rate.

Repayment will begin after 60 months and will be made in 6-month increments.

9731

CSO: 3521/128

MILITARY

ITALY

NEW RULES ON CONDUCT, DISCIPLINE

Rome LA REPUBBLICA 20 Mar 86 p 3

[Text] Yesterday the council of ministers approved the new rules for military discipline, and the general transportation plan. The new rules for military discipline, replacing those of 1964, fix the fundamental rules of conduct for persons belonging to the armed forces, and also adjusts such norms to the institutional framework deriving from our constitution. A defense ministry communique explains that "The new body of legislation is based on the fact that, as a result of the particular requirements of their organization, soldiers are subject to special rules of conduct and to more marked disciplinary requirements than those applying to the rest of public employees. The rules of discipline comply with the provisions set forth in article 5 of the law 383 which made innovations in so many sectors of military activity and thus appear more suited to the present time.

Among the most meaningful and outstanding points, after confirming that soldiers are accorded all rights, the constitution recognizes for citizens in general, is the creation of a link between military discipline and fulfilling institutional tasks assigned the armed forces; and emphasis is placed on hierarchical authority, and above all the obligation to obey the minister of defense and the undersecretaries of state in the defense ministry, when they carry out duties delegated to them by the ministry."

The new rules provide for a more modern interpretation of disciplinary sanctions applicable to soldiers of all categories and ranks. Finally, there are included in the field of rights, whose exercise derives directly from the constitution, the political rights of assembly and forming organizations, the right to information and to the public expression of ones views.

Concerning the approval of the general transportation plan, the communique issued at the end of the council of ministers session states it is a measure "seeking to construct on the basis of acquired experience an essential and incisive support for state action within the framework of an appropriate re-organization, for achieving economic and social objectives seeking a genuine improvement in the transportation sector's effectiveness."

In particular, the plan provides for rationalizing the institutional structure delegating guidance and coordination functions, and for adopting special

measures to adjust the supply of transportation to demand. Among the other measures approved there is a bill revising compensation due members of judicial committees for examination of professional qualifications, promoting counselor Dino Saraceno to section chairman of the Court of Accounts, and nominating Doctor Luisa Massimo to the presidency of the scientific institute of Genoa for the study and treatment of tumors.

9772/12795

CSO: 3528/115

MILITARY

ITALY

BRIEFS

SENATOR URGES CARRIER AIRCRAFT--"Italy now has an aircraft carrier, the 'Giuseppe Garibaldi', costing hundreds of billions of lire: it is logical that the leading unit of our Navy should be equipped with the most strategically and tactically appropriate means of defense, that is, with vertical take-off aircraft and not only helicopters," the DC [Christian Democrat] senator Leardo Saporito, reporter for the two measures introducing naval aviation (one on the government's initiative; the other, on the DC's) said yesterday to the Senate defense committee. "In this field," Saporito continued, "our country is tied to the law of 1923 establishing a rigid division between the three armed services. The government's bill [Ddl] provides for the possibility of using airplanes aboard the carrier, even if the decision to acquire the aircraft is left for a later parliamentary deliberation." According to Saporito, who made the introductory report on the purposes of the law, "we ought to bear in mind the changes on the international political scene, which have shown that not all the dangers for Italy come from the east, according to classical NATO doctrine." Saporito noted in his report that, "the Mediterranean area has become an out-and-out field for confrontation of political and economic interests." For Saporito, it is not a question of humiliating the Air Force, "but to provide a balanced interforce base, responding to demands of the year 2000 and not 1923: actually, airplanes aboard a carrier may carry out an active role, quite superior to aircraft stationed on land, for defending naval units, and for long-range reconnaissance." The DC parliamentarian denied that the choice of Navy aviation could be reduced to a problem of economic priorities, and ended by noting that "in any event the last word on the possible choice of the aircraft and on the appropriate financing of this plan is up to parliament." [Text] [Rome IL POPOLO in Italian 13 Mar 86 p 4] 9772/12/95

CONSCRIPTS' PAY TO DOUBLE--As of July first, conscripts' pay will be doubled and will rise from the current 2000 lire per day to 4000: however, existing compensation for career soldiers will be increased by 20 percent. Spadolini, minister of defense, announced this at the defense committee of the chamber of deputies which is examining in the legislative session the unitary bill from parliamentary groups which proposes increasing the daily pay of conscripts to 5000 lire (effective 1 January 1986), and the initial proposal from the ministry of defense to increase such pay--unchanged since 1981--to 3000 lire. Spadolini said "In 1986 this is as much as the government can do by way of honoring the armed forces at a time of persistent difficulties in public finances." Under the defense ministry budget for 1986 the increase in outlays will be 164 billion lire for doubling the daily pay for young re-enlisted conscripts, and 64 billion for compensation of operational activity. During

the explanation of voting on the government's amendments, unanimously approved by the committee, the communist Baracetti, the DC [Christian Democrat] Caccia, the Republican Di Re, the left independent Codrignani, and the MSI [Italian Social Movement] Pellegatta, expressed great satisfaction over the understanding happily reached between government and parliament, which takes into account the requests made by the DC organizations of young conscripts and career personnel. The measure will be finally approved in the next few days as soon as the budget committee expresses its views. [Text] Rome LA REPUBBLICA in Italian 20 Mar 86 p 3] 9772/12795

CSO: 3528/115

MILITARY

NETHERLANDS

OVERHAUL OF MILITARY PERSONNEL MANAGEMENT PRACTICES URGED

Rotterdam NRC HANDELSBLAD in Dutch 28 Mar 86 p 7

[Article by Maj Gen J. Schaberg [Ret]: "Armed Forces Must Be Overhauled on All Fronts"]

[Text] Demonstrating does not fit at all into the traditional authority structure of the armed forces, where by definition loyalty to the leadership was never up for discussion. Recent years have chipped away at this attitude: the personnel of the armed forces have the impression that the political leadership is carrying out a policy which pays too little attention to their interests.

The armed forces can operate in peacetime and in wartime only if their personnel at all levels are fully motivated, are loyal to the leaders, apply all their inventiveness and talent for improvisation, are prepared to do more than they are "obligated" to, and are willing to take responsibility. In wartime there is an entirely different aspect as well, the risk to one's own life and to the lives of others.

Nor will unmotivated armed forces attract good and enthusiastic people. The opposite is more likely; good people will leave.

Armed forces whose personnel threaten demonstrations, however hedged about with conditions (e.g. no effect on operational readiness), soon will no longer be credible as armed forces. Credible in the sense of "deterrent," because that is the foundation of our alliance's strategy. But also credible in the eyes of our allies. Those who follow the leading foreign newspapers know with what critical eyes people view the Netherlands.

The Netherlands' hesitation to carry out the alliance's cruise missile decision was widely commented on, the dropping of the F-16 and Orion nuclear tasks received critical comments. But things like the reduction in working hours in our army corps also received attention, and it was not positive.

Causes

The question is, how could it come to this? It is all too easy to attribute everything to the fact that the citizen--and thus the soldier--has come of age. The main cause is an unclear and vacillating policy.

The very first budget for which this cabinet was responsible sowed a great deal of doubt by announcing policy measures in the personnel sector. The personnel asked themselves: What do all these changes mean? What does it mean in my situation? Here it must be borne in mind that at the same time the organization was placing heavier demands on its personnel.

Now, however, when the Personnel Policy Memorandum has finally, years later, been presented to the Second Chamber of Parliament, it did not say the words that could have put people at ease; rather, it made them uneasy. One must ask why it was not possible to develop a personnel policy that could have provided motivation and support for the personnel.

This is due to a complex of factors. When this state secretary took office, he inherited a pile of matters needing solutions. In working these out, however, he faced a number of handicaps.

In the first place, anywhere personnel policy involved money, he could not expect any cooperation from the cabinet. This makes negotiations difficult.

In the second place, during the cabinet's entire term of office the minister was busy with other issues that were more important politically, but of much less importance to the armed forces. The cruise missiles and the nuclear issue demanded too much time and attention.

The RSV [Rijn-Schelde Verolme] affair and the Walrus problems also distracted the minister. The state secretary was too much on his own. The minister seldom was heard from on essential personnel problems, with direct consequences for the operational readiness of the armed forces. This all led to the personnel issue receiving less attention than the materiel aspect, which is also sexier internationally and where another state secretary is busy making a name for himself.

In the third place, the priorities for personnel policy were not properly established. In part this is due to influences from outside the organization, often also to incorrect advice or an incorrect decision from within the ministry--see conscription policy. Once again they set up an extensive study with glowing prospects and fashionable slogans.

After years of work we have just heard the conclusion that they will not be seeing it through. Some good analysis early on would have saved a lot of work. Take too the excessive attention paid to women in the armed forces. This at a time when so many other matters have been left hanging. It would be possible to add other examples, but they bring me to another point, possibly the most important one: the distance between the leadership and the actual organization.

In order to formulate an attractive personnel policy it is necessary in the first place to know and feel how the ordinary soldier sees the policy. In addition, it is equally important for the personnel to have confidence in the personnel chiefs, through knowing them or knowing that they too have served in the armed forces and know what they are talking about.

Now, however, what we actually see is a personnel apparatus surrounding the state secretary that is largely made up of civil servants; below them and more distant is the armed forces personnel director and more distant yet the commanders who are the direct bosses of the personnel and responsible for carrying out the armed forces missions.

The ministry has all kinds of interconnections within it but the result is still a bad one: a sluggish organization that transforms everything into the longest possible unitary regulation. The personnel exchange is now being studied by an independent consultant. If things work out, this will result in advice that will lead to giving the maximum of responsibilities to those who can best judge the problems with the personnel.

The armed forces must once again come to project motivation on all fronts. That has been a problem during this cabinet's term of office. A good, convincing personnel policy is a precondition for this. The

ministry's political leadership bears the primary responsibility for this and should demonstrate its involvement. A good personnel organization within the ministry is essential to this.

Parliament too is responsible. Only the VVD party's electoral program mentions the motivation of the armed forces. The personnel associations will have to strive with all their powers of argument to work out acceptable arrangements with the ministers, while recognizing that not everything is possible.

12593

CSO: 3614/87

ECONOMIC

EUROPEAN AFFAIRS

PAPER REPORTS ON ITALIAN ACQUISITIONS IN FRANCE

Paris LE NOUVEL ECONOMISTE in French 14 Mar 86 p 40

[Article by Mario Romano: "Italian Business Tycoons Campaigning in France"]

[Text] The Italian capitalists have suddenly acquired a taste for French industry: the Carlo de Benedetti Group is going after Valeo, Ferruzzi is swallowing Beghin-Say, Fiat has designs on certain MATRA [Mechanics, Aviation, and Traction Company or Missiles Company] outfits, not to mention Berlusconi and his European television ambitions. Last summer, the Milanese Zegafrede Group seized control of Vaudour Danone, the No 3 French coffee company. And the surprise was great when internationally-known Orlane, with \$65 million in sales, came under the control of a modest Turin shampoo-maker by the name of Kelemata with only one-third the size of Orlane.

One can say as a matter of fact that Italian capital has for the past 5 years been shedding its skin. From Fiat to Carlo de Benedetti who turned a small Turin tanning plant by the name of CIR, purchased in 1976, into a springboard for winning first place in Europe in the field of data processing. Or Pirelli which has just borrowed \$660 million over a period of 16 months for the purpose of investing in fiber optics, a sector with a future. Even IRI (Industrial Reconstruction Institute), the government giant with 1,200 companies, successfully managed its unthinkable reorganization under the guidance of Mr Romano Prodi by carrying out a return to private control within the 49-percent ceiling authorized by the government whenever possible.

All the big groups, both public and private, are showing a profit this year: Fr4 billion for the ENI [National Hydrocarbons Agency] oil company, 2 billion for Olivetti, excellent prospects for Montedison, the Ferruzzi sugar refinery, the Fininvest holding company of Mr Silvio Berlusconi, not to mention Fiat which will once again beat all records. These profits and the winds of return to private control blowing at IRI, as much as the creation of 42 investment funds under Italian law which already hold 1/3 of the market after barely 1 fiscal year, contributed to the exceptional stock exchange explosion of 1985. Milan is beating all records with an increase of 100.4 percent. "When I bet everything on the stock exchange in 1976--the first to do so--I was considered a Don Quixote," says Mr de Benedetti. Then he adds: "The times of industrial feudalism are over. We have now entered the era of democratic capitalism." The stock exchange, in turn, is financing industrial expansion. This is what explains why the managers on the Peninsula are turning out to be unsuspectingly bold. Last summer, for instance, Montedison President Mario Schimberni sallied forth to the attack on the Bi-Invest financial holding company which is controlled by

the big Bonomi "family" without informing his control syndicate while nevertheless putting together the "Gotha" [giant German World War I bomber] of Italian capital.

But the Italians are proving to be reluctant when it comes to letting foreigners in. It took the Swedish Eletrolux company almost a year of difficult negotiations to take over 49 percent of Zanussi, the No 1 electrical household appliance company. The only sector the Italians are not too particular about is pharmacy where 80 percent of the companies are held by foreign groups. But here again the Italians are putting the brakes on. The spirit of conquest is blowing in one direction only.

5058

CSO: 3519/158

ECONOMIC

EUROPEAN AFFAIRS

ITALIAN, SPANISH HOLDING COMPANIES SIGN AGREEMENT

Paris LES ECHOS in French 2 Apr 86 p 11

[Article by Alain Wasmes: "Italian and Spanish State Industrial Holding Companies Will Work Together"]

[Text] A step towards an Italian-Spanish axis in Europe? Be that as it may, the Italian state industrial holding company EFIM [Manufacturing Industry Holding and Financial Company] has just approved a 3-year general collaboration agreement with its Spanish counterpart, the National Industrial Institute (INI). The foundations of the agreement, which is to be signed in the next few days, were laid during the recent summit held between the two Italian and Spanish prime ministers, Bettino Craxi and Felipe Gonzalez, for the Italian holding company. It also constitutes a sort of compensation: a few months ago, as a matter of fact, the Agusta helicopter company, controlled by the EFIM, was to deliver 24 military aircraft to Spain. At the last moment, however, Madrid opted for the French Aerospatiale company product.

However that may be, the actual framework of an agreement was approved between the two companies: four joint working groups will study the concrete possibilities for collaboration in the following three areas:

--air and land transportation (materials for locomotives, buses, and helicopters);

--aluminum technologies;

--defense and space (electronic optical systems, fire control systems, various weapons). The governing idea in this cooperative venture is to target not only the respective national markets, but also to make joint exports, particularly to South America and North Africa.

The Italian holding company is thus giving impetus to the initiatives it has long undertaken in Spain. In the area of defense in particular, one of the weapons industry companies controlled by the EFIM, Oto Melara, recently approved an agreement with the Spanish Santa Barbara (INI group) company for the joint production of a new heavy combat tank; as a matter of fact, the Spanish army needs 400 heavy assault tanks. For its part, the Italian army wants 300 such machines. But in this area French and especially German competition

imposes serious obstacles. In the civil sector, on the other hand, the EFIM these days is beginning the construction in Sagonte of an automobile glass production plant which should be capable of providing competition for the monopoly held until now in this area by the Cristaleria Espagnola company belonging to the Saint-Gobain group.

The Italian holding company is also interested in several other projects in various equipment and infrastructure sectors. The basic agreement should help in realizing these projects. But for the time being, everything is still on the drawing board; the finance and production plans of the possible projects should be worked out before summer. Before the end of the year, the first projects should be under way. If the agreement proves to be workable, it will be renewed within 3 years. In the opposite case, the two partners will be able to separate by mutual consent.

For the EFIM, the agreement with the Spanish state holding company comes just at the right moment: as a matter of fact, the EFIM's management has been sharply criticized by some Italian political groups which would like to gather the resources of Aeritalia controlled by the IRI holding company and those of Agusta controlled by the EFIM into a single aeronautical group.

9824

CSO: 3519/151

ECONOMIC

EUROPEAN AFFAIRS

GUILLAUME HELPS KIECHLE FIGHT EC AGRICULTURAL PRICE INCREASES

Duesseldorf WIRTSCHAFTSWOCHE in German 4 Apr 86 pp 20-23

[Article: "Two Staunch Farmers"; first paragraph is introduction]

[Text] France's new minister of agriculture, Francois Guillaume, has liberated Ignaz Kiechle from European isolation. Nevertheless, this salvation could cost Bonn a great deal of money.

Scarcely had the security agents at the Charlemagne Council of Ministers building in Brussels freed the slim Frenchman from the mob of curious journalists when Francois Guillaume, France's new minister of agriculture, came directly to the point. "My mission is simple--an increase in the income of farmers," he explained on the 14th floor to his colleagues from the other 11 EEC countries.

One in the group, Bonn's Minister of Agriculture Ignaz Kiechle, received the Frenchman's announcement with a certain amount of relief. After a one-year struggle for higher agricultural prices by the German, waged against nearly all EEC partners, Kiechle no longer had to feel alone.

And as if the Frenchman--because of his brash speech already known at home as "bigmouth Guillaume"--wanted to dispel any last German fears at the change of power in Paris, he approached Kiechle and outlined what they had in common: "I am a farmer. You are a farmer."

In fact, Guillaume is much more than that. Beginning in 1979, he was head of the powerful French farmers organization FNSEA, and because of his influence and his rhetoric was in this position more like Germany's Constantin Baron Heereman von Zuydtwyck, the head of the League of Farmers. More than once, Guillaume has sent his farmers marching off to Brussels to demonstrate against "insufficient concern for farmers by the European ministers."

Now he is the only lobbyist for farmers to break into the group in Brussels as a minister, and like at his farmers gatherings he made it clear to Frans Andriessen, the commissioner for agriculture in Brussels, that the entire Brussels economy policy does not suit him. "We cannot forget," he reproached Andriessen, who advocates price decreases, "that the primary goal of the joint agricultural policy is better income for the European farmers." As at the

beginning of European unification, he said, France will "defend and cultivate our joint agricultural market with steadfastness."

If some of the participants in the session felt displaced by Guillaume back into the days of Gaullist style on the European stage, Minister of Agriculture Kiechle was now able to detect "more support for our position." Bonn's position: no reduction in farmer income by price decreases, rejection of Andriessen's recommendations. In Kiechle's opinion, they mean "rocks instead of bread" for German farmers.

Kiechle's new friend Guillaume also knows how this fate can be averted: through a stronger conquest of markets outside the EEC. He did not recognize the validity of objections to the effect that the joint coffers of the Europeans are currently already exhausted, in part due to the decline of the dollar. "Our government did not subscribe to the Fontainebleau decisions on budgetary discipline," he thundered.

According to this settlement by the heads of government, agricultural expenditures in the European budget should not increase at a higher rate than other expenditures. "This laxity, which is costing France a great deal of money, is over with for good now," said the new minister.

However, Guillaume forgot to add that three-fourths of all French agricultural exports are currently subsidized from the European coffers. Guillaume also hinted at who would pay for the expansion of these exports in the future: "It is not acceptable for France to divert more of its value-added tax revenues to Brussels than, say, the Germans."

And yet, this was not the only shock that the brash Frenchman had in store for Germany's farmers. Guillaume also wants a total elimination of countervailing import duty, which makes French agricultural products more expensive on the German market. Should the Germans accommodate the French on this issue, Bonn would soon have to face attacks from Guillaume's one-time colleague: League of German Farmers President Heereman.

12271

CSO: 3620/643

ECONOMIC

BELGIUM

POLITICIANS COMMENT ON EUROPEAN MONETARY REALIGNMENT

Eyskens on Consequences

Brussels LE SOIR in French 8 Apr 86 p 1

[Guy Depas interviews Minister of Finance Mark Eyskens]

[Text] Mr Eyskens, the Belgian franc is reputed to be one of the weakest currencies of the European system. Is it not foolhardy to prescribe that it must partially follow the mark and the florin in the revaluation?

[Answer] We had no reason to follow the French franc in its decline, but there is obviously a message in the rapprochement of the Belgian franc to the mark and the florin. It is now obvious that Belgium is forced to raise its budgetary ambitions to the level of its monetary ones.

[Question] It is therefore a purely political attitude...

[Answer] Not only political. Since Germany and the Netherlands supply 42 percent of our imports, we cannot let their currency outpace us. But, to be sure, we have just added outside pressure to the political determination to strengthen out the country's financial situation. People must know that, today, more than in the past, the franc would immediately suffer from a laxist budgetary maneuver in Belgium. In the forthcoming weeks, each government member will have to express his views on a reorganization plan.

[Question] Still, will not speculation continue due to skepticism and, by reacting, force you to stop, if not reverse, the decline of the interest rates?

[Answer] Time is with us. And, with regard to speculation, we do not have to worry until after the summer vacations.

[Question] But the interest rates?

[Answer] Thinking that the revaluation of the Belgian franc is artificial, some people could, nevertheless, be tempted, some day, to speculate. They would lose their stake. As a matter of fact, the government's intention is indeed to convince them of the uselessness to speculate in any way. In the

face of the scope of the measures which we will make public soon, there will no longer be any possible doubt. The drop in interest rates will therefore be able to continue, because it is linked to the budgetary purpose.

[Question] There has been hints that, concurrently with the dismantling of the exchange control in France, the cancellation of the free foreign exchange market could be on the agenda in Belgium.

[Answer] Wishful thinking! This issue was not discussed during the Ootmarsum meeting. Our double foreign exchange market is not to be compared to an exchange control. To be sure, we could consider giving it up some day. Before we do this, however, the others will have to put their own houses in order. It is not, therefore, for tomorrow or the next day. Moreover, the French minister of finance announced that the exchange liberalization considered by his government will be smaller than planned because, to begin with, the devaluation rate of the franc did not, in the end, meet his expectations.

[Question] Prior to the opening of the Ootmarsum meeting, you had harsh words towards the French government.

[Answer] Neither harsher nor softer than other people's. Everyone understood that domestic political reasons predominated the Chirac government's maneuver. Do I need to tell you that there were contradictions in Balladur's arguments, which affected their credibility? As a matter of fact, how can one pretend to devalue by 9 percent, to free prices and to fight inflation, all at the same time? The French devaluation was protectionist right from the start.

Reaction of Other Parties

Brussels LE SOIR in French 9 Apr 86 p 2

[Text] Neither euphoria, nor deception! It is probably Gerard Deprez who best summed up our political officials' reactions following the Ootmarsum monetary decisions. In fact, Wilfried Matens and, to a lesser extent, Mark Eyskens were the only ones to adopt a triumphal language, a language sprinkled, for the former, with strange bucolic references.

Even the PSC [Christian Socialist Party] and the PVV, although members of the governmental majority, continue to maintain a certain prudence. Their caution is easily understood. As expressed by Guy Spitaels, it will be necessary to wait a few weeks before being able to judge calmly how the exchange market will react to the latest monetary readjustments.

Commenting on the results of the Ootmarsum meeting, the PS [Socialist Party] president acknowledged that Belgium had gotten out of it honorably "and that Minister Eyskens had pleaded skillfully, even if it is true that our partners did not place the Belgian franc, which amounts to a small percentage of the overall currency market, at the center of the debate. The more so as, during the first 3 months of the year, the National Bank had to intervene to defend the Belgian franc, to the extent of over 100 billions.

As for the rest, Guy Spitaels attempted to temper the euphoria expressed by the prime minister and by his colleague at the finance ministry.

He pointed out that Ootmarsum took place following the fourth devaluation of the Belgian franc, in relation to the two strong currencies of the European monetary system, since the Martens-Gol team came into office. Our franc has declined by approximately 20 percent since February 1983, as compared to the Deutsche mark and a little less as compared to the florin.

Now, as it happens, West Germany and the Netherlands are our two main suppliers. This amounts to a 40 percent rise in prices over all of our imports and, therefore, a potential inflation increase.

On the other hand, the appreciation of our currency, as compared to the French franc, will make our products less competitive on the French market which is first for our exports.

Guy Spitaels also remarked that 42 percent of our foreign debt is in marks and florins and that another 25 percent is in Swiss francs, a currency which in practice, follows the Deutsche mark. As compared to these currencies, our devaluation is therefore equivalent to having two-thirds of our foreign debt--or approximately 660 billions--bear heavier interest and amortization charges.

A Moderate Language

As for the PSC, it chose to speak in moderate tones. Belgium has entered the group of Europe's good pupils, but it cannot yet be classified among the best elements. The new position of the Belgian franc, however, should have two beneficial effects: In terms of the competitiveness of our enterprises, since our exporting capability will improve with respect to Germany and the Netherlands; and, in terms of the budgetary reorganization, since the lower interest rates will ease the financial constraints.

At the CVP, President Frank Swaelen merely pointed out that the monetary re-adjustments were "the European authorities' recognition of the merit of the governmental policy."

Willy Claes, in the name of the PS, recognized that the Belgian government handled the monetary discussions honorably. It will be up to the market, however, to establish whether or not "the one percent increase matches the economic data." As for Louis Tobback, he very strongly criticized the tone and content of the prime minister's governmental communication. He announced that the PS would request 10 minutes of airtime over BRT to answer Martens' "propaganda."

Let us also point out Herman De Croo's speech, the Flemish liberal who spoke in his capacity as a foreign trade official. It is in fact a call to Belgian exporters to strengthen their efforts toward the German and Dutch markets.

6857

CSO: 3619/40

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

GROWTH OF MUNICH'S 'SILICON VALLEY' CAUSES LOCAL CONCERN

Munich SUEDEDEUTSCHE ZEITUNG in German 14 Feb 86 p 27

[Article by Walter Ludsteck: "How Clean is 'Clean Industry'?"]

[Text] Munich, 13 Feb--Microelectronics was up until recently the fantasy of every politician or city planner who was concerned about jobs. A future-oriented industry with clean jobs which does not disturb the environment. But in the American Silicon Valley ugly spots have now been discovered on the white vest of this "white industry." Chemicals have poisoned the ground water in the production of chips. The air vented to the outside contained gasses. The employees were complaining about health dangers. Since Munich has developed into the German microelectronics center, the question arises, whether similar problems are to be feared? It is uncontested that many poisonous substances are utilized, as was observed at a conference organized by the Evangelical Forum. But it is claimed that German arrangements will prevent happenings such as those in the United States. If these arrangements are adhered to! "Exactly that is what is happening," affirmed the Siemens Corporation, at least as to its own plants. "The risks are being overcome."

As is little realized by the public, the production of microchips--basically, the whole problem centers on them--is to a large extent a chemical process. Risks and burdens similar to those of chemistry therefore arise. For cleaning and etching, for example, acids are used whose dangers have long been known. The vapors can damage the lungs, as Dr E. Lehmann of the Federal Occupational Safety Office explained. Spent etching baths represent a wastewater problem that must be taken seriously. For etching and for what is called endowment too, gasses are used, some of which are very poisonous. The issue here is protection of employees and environment (from effluents). Something similar holds for cleaning with organic solvents.

Testing Dangerous Materials

For most of these substances, there are cut-off levels for use in the workplace. Little is as yet known, in the words of Lehmann, about the toxicity of many compounds. The chemicals law also allows the use of some 100,000 "older substances" with toxicity tests, as she said, although detailed knowledge of their effects exists for only about 10 percent of them.

According to American findings, there are several hundred materials of importance for microelectronics. Lehmann advocated scrutinizing these

"limited quantities" as quickly as possible. She called upon industry also in this connection to make the relevant data available. The Federal Institute, she said, presently has no information on the status of safety technology or on how high the workplace and environment (air- and water-borne effluents) pollution is in the German microelectronics firms. Efforts to obtain such data have hitherto been unsuccessful, she indicated. The authority has no right of access to the plants, nor is it informed of the industrial inspection offices' test results. It has therefore relied up to now on United States data in the case of the microelectronics industry.

Dr Popp of the Technical University of Munich also stated that, in his experience, concrete questions about environmental burdens at the plants usually fall on deaf ears. This creates a gray area that invited speculation. Dr H. Rebstock, chief of component production and process technology at Siemens Corporation in Munich, maintained on the contrary that his firm submits the required information to the industrial inspection office. The firm's unions, however, deplored the withholding of information from them. The Siemens firm's response to Popp's request for information of some weeks before had, according to his statement, arrived by special messenger the afternoon before the conference.

Rebstock acknowledged that dangerous substances are utilized in chip production, but pointed out that the firm had been dealing with them for decades and had made all necessary preparations. He admitted, nevertheless, that new substances are occasionally used, whose effects are not fully known. Here, however, the risks would be controlled. There had, he said, been no accident connected with these substances in over 20 years. By means of isolated water circulation, exhaust filtering and so forth, Siemens is also dealing with the environmental-protection aspect. According to Rebstock, "We can already today meet the new TA [technical supervisory body] air standards." All in all, the risks cannot be talked away, but Siemens has them under control.

Ms Lehmann expressed the view that German legislation provides sufficient leverage. "If all the regulations are complied with, there is little probability of occurrences like those in Silicon Valley."

Lehmann further stated that no findings have reached the Federal Institute that chip-production works have an above-average morbidity rate, as reported from the United States. Of course, the statistics are not completely adequate. Rebstock stated for Siemens that several thousand examinations had given no indication of an increased risk of sickness.

The Siemens spokesman further reported that studies on the effects of so-called "clean rooms" are about to be completed. Since even the smallest dust particles can affect chip production, it is carried on in such "clean rooms." By means of air exhausting, filtration, differential air pressure, special work clothing and so forth, the dust level in these rooms is reduced. This gives rise to concern about possible health burdens in the workplace. Results to date, however, according to Rebstock, show these fears to be groundless.

Munich as Electronics Center

H.P. Heidebach of the planning office of the Land capital showed how strongly the microelectronics industry is concentrated in Munich. Of the sales value of German semiconductor production (about 945 million marks), at least 50 percent falls to Bavaria's share. Five semiconductor producers are in operation in the environs of Munich, although only Siemens operates in Munich itself. If the chip producers' sales corporations, and the peripherals, raw-materials and other input-substance producers are added, there are 220 microelectronics firms in the Munich commercial region. Including chip users in electronics and software firms, said Heidebach, we arrive at as many as 450 enterprises.

Move to the Country

Heidebach reckons among the grounds for the concentration in Munich, for example, the presence of the Siemens concern (with which 80 percent of the above-mentioned electronics customers have business relations), the user industries that are at hand (automobile industry, defense sector, machine tools, and so forth), as well as the university and specialized institutes. These factors continue to be effective. However, new chip-production possibilities hardly exist in the city anymore, for lack of space.

This agrees with Popp's finding that new firms are increasingly being started in the environs of Munich. He estimates the sales of the microelectronics industry (in the broadest sense) in the Munich area at 3 to 4 billion marks a year. New firms, he said, had sharply increased in recent years, but in 1985 had fallen markedly, due to the slack in this industry. According to research by the Technical University, 2,500 microelectronics firms, in the broadest sense of the term, have taken up business in the Munich area in the last 11 years.

The city of Munich is happy about this development, as it creates jobs. The concentration must not, however, as several city council members emphasized at the conference, lead to a monoculture. Even the jobs argument, as the discussion showed, has a bright side and a dark side. While many unemployed persons are getting no additional chances from the new-firm starts, since they are not qualified for microelectronics, qualified specialists are being drawn to Munich from the entire Federal Republic.

13070/12859

CSO: 3620/569

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

EDITOR ANALYZES STOLTENBERG'S PERFORMANCE IN FINANCE MINISTRY

Duesseldorf WIRTSCHAFTSWOCHE in German 4 Apr 86 pp 54-59

[Article by Wilfried Herz: "The Model Minister"; first paragraph is introduction]

[Text] Has Gerhard Stoltenberg lived up to expectations? WIRTSCHAFTSWOCHE editor Wilfried Herz attempts to answer this question in a portrait of the finance minister.

Finance Minister Gerhard Stoltenberg, within the Kohl cabinet the model schoolboy with the highest grades in competence and popularity among the population, himself feels that the black mark for the most spectacular transgression of his term is entirely unjustified.

The showering of German agriculture with the national subsidy cornucopia was in the opinion of the otherwise thrifty treasury chief in Bonn "completely unavoidable."

And yet the generous subsidies for farmers are not only a striking contradiction of the promise to dismantle subsidies. They also violate the principle of a market-oriented financial policy which rejects state guidance--either through financial assistance or tax breaks, or even through overdraft taxation limits the influence of the treasury on the economy to only the most necessary measures.

The fact that the "cool, clear northerner," as Stoltenberg is often described in almost kitschy, albeit inappropriate terms, is becoming warm-hearted with farmer interests, has to do with his political and personal origins: In no other Bundesland do farmers carry as much weight in the economy and as many voters as they do in Stoltenberg's native Schleswig-Holstein, where he was minister president for over 11 years and is still Land chairman of the CDU. And because the farmers put the heat on the Christian Democratic top dog whenever they are threatened by cuts in income, the national finance minister gives them from the national pot whatever the agricultural council in Brussels takes away from them: By 1991 around DM 20 billion by raising the lump-sum tax prepayment, in addition to various subsidies and tax relief measures.

Further agricultural subsidies have already been announced. Even the restriction of the billion-mark increase in the lump-sum tax prepayment by 1991, which as late as 1984 was still a "very important point of regulatory policy" was questioned by the finance minister himself during the Schleswig-Holstein local elections.

And yet, in other ways as well, Stoltenberg is not as cool as he is generally characterized. In parliamentary debates he is quite aggressive and polemic; he reacts with irritation whenever he feels that he is being attacked without justification. His tendency towards exactness and detail is admittedly quite pronounced even amidst occasional outbreaks of temper. He is capable being just as effective in internal ministerial work as in public statements. Thus, there is no promise for the future made by Stoltenberg that does not also specify the exact conditions under which it can be implemented--it is only that this rhetorical, but factually based egress is often missed by his audience.

One of Stoltenberg's trademarks is undoubtedly his steadfastness, which he himself insists upon--even though he is quite pragmatic in relinquishing it on a case-to-case basis out of consideration for political power relations. So it was that CSU chief and amateur pilot Franz Josef Strauss wrung from him a tax break on aviation fuel for amateur flyers--a subsidy coup contrary to all stated principles, which was brought down only later by the Union caucus.

Subsidies are at any rate a dark spot on Stoltenberg's balance sheet, because on the whole nothing has come of the announced dismantling of subsidies. In 1982, the last year of the SPD-FDP coalition, financial assistance and tax breaks for the entire country amounted to DM 27.2 billion, while last year they came to DM 30.8 billion--not including the farmers' lump-sum tax prepayment. According to the budget, they will climb this year to DM 31.4 billion.

It is poor consolation that the minister has at least succeeded in lowering the subsidy rate--the share of federal assistance relative to the gross social product. This even if he can often claim for himself what he as the head of the Schleswig-Holstein government once conceded to then SPD Finance Minister Hans Matthoefer before the turnaround in coalition: "It is your destiny, like that of any politician, that relations in the cabinet are sometimes stronger than we would like." Stoltenberg did in fact submit a concrete plan for subsidy cutbacks amounting to three billion marks in connection with the 1986-88 tax reduction package, but it failed due to opposition within the cabinet.

A similar fate befell the number one man in Kohl's cabinet concerning his privatization plans for state-owned enterprises. He did succeed in staging a surprise coup with further partial privatization of the Veba concern, but it was then that resistance grew. Strauss and the Christian Socialist cabinet members in Bonn blocked the privatization of Lufthansa.

Of the list of 11 candidates for privatization (besides Veba), which was expanded to 13 by the Free Democrats, there are only five left for this legislative term after the most recent cabinet decision.

An "unsatisfactory" for the finance minister? He himself assesses such shortcomings in his performance as blemishes. Because in privatization as well as in all other areas of financial policy, he stresses the long-term nature of his plan--beyond the expiration of electoral terms.

The fact that the second stage of the tax reduction package that was passed in June 1985 does not go into effect until a year after the 1987 Bundestag election and that thought is already being given to tax plans that will presumably not go into effect until after the following Bundestag election, verifies the long-range way of thinking of the 58-year-old Christian Democrat, just as the study presented last year on "Tasks and Goals of a New Financial Policy" with model calculations of budgetary developments extending to the mid-1990s. All long-term observations are imbued with Stoltenberg's financial credo: to create greater freedom for the economy through a limitation of state expenditures relative to gross national product and through more economical state expenditures.

As unwavering as the finance minister is in pursuing a reduction in net borrowing, he is just as determined in defending himself against accusations, including those from within his own party, that he is a fiscalist. His counterportrayal: "Without a restructuring of the budget there can be no real economic recovery and thus no lasting solution to employment problems."

In his parliamentary speech on the 1984 federal budget, the first one exclusively under his responsibility, he promised "a middle path that will gradually effect consolidation, at the same time without losing sight of national economic demand."

Translated into practice, this has meant and continues to mean for Gerhard Stoltenberg: austerity, austerity and more austerity. In achieving this task, the model schoolboy of the cabinet has earned truly dazzling grades--even if many cabinet members grumble that their structuring leeway is being taken away from them and the Social Democratic opposition points to the two-digit billion mark Federal Bank profits that have helped reduce the budget deficit.

And yet the small increases in expenditures in the federal budget--0.9 percent in 1983, 2.0 percent in 1984, 2.1 percent in 1985--are the result not only of tight planning in the formulation of the budget, but also of permanent "strict discipline in spending" (Stoltenberg). Ever since Stoltenberg came into office, actual spending has year for year been billions less than the original budget targets.

The consolidation of the public budget remains for Stoltenberg the focal point of financial policy well into the next decade: If there is not further austerity, all the tax reform plans that are being promised to the taxpayers for the next legislative term and the one after that will be meaningless models.

However, Stoltenberg also promises great things from a consistent continuation of the policy of austerity: The minister had his officials calculate that further tax relief amounting to DM 60 billion will be possible by 1995; the

tax rate, which has been around 24 percent for years could allegedly be dropped to the "historic low" of 21.5 percent.

On his long march towards a "tax law that is more fair to achievement, conducive to growth and more favorable to families," Stoltenberg wants to effect a "bigger reform measure" in the coming legislative term; this is the label for a new income tax rate with a "more gently graduated, continuously linear progressive course," including a clear increase in the basic exemption and a further increase in tax allowances for children.

However, he has long been cautious in his statements about a lowering of the top tax rate: It is allegedly being discussed, but is "not the focus of our considerations."

However, just as important as a new tax rate is the minister's second reform goal: a reduction in special rules. Stoltenberg's motto for the new step of reforms: "Creation of a more simple tax law with lower rates and fewer exceptions."

And yet only trace elements of this very central idea, which is to be in effect in the future, have been discernible in Stoltenberg's past tax policy--apart from the mistake of the compulsory loan, which was later declared unconstitutional in Karlsruhe, at the very beginning of his term.

Nevertheless, a few things have clearly been happening in tax policy since the change of coalition in Bonn in 1982: From relief in trade taxes to the reduction of taxation on operating assets, insolvency reserves and improvements in deductions for the economy, from the deduction of interest costs for new homeowners to the DM 20 billion package for wage and income taxpayers, which admittedly is not enough to balance out the secret tax increases.

But one single change in the law fulfills the recognized central idea and demand for reform, and it has already been nearly forgotten by many: The standardization of the rate of the land transfer tax, with the simultaneous elimination of a number of abatements. The 1983 Land Transfer Tax Act replaced 68 laws and ordinances as well as 131 individual regulations.

Otherwise, however, nothing has changed in the excesses and complications of overall tax law--especially income tax--since 1982. These days, even Stoltenberg is complaining about this. But unlike on the expenditure side, the Christian Democratic finance minister is approaching the income side with great deliberation--true to his motto: "He who wants to go too fast will not reach his goal."

12271

CSO; 3620/644

ECONOMIC

FRANCE

DECLINE CONTINUES IN CONSTRUCTION INDUSTRY

Paris LE NOUVEL ECONOMISTE in French 21 Mar 86 p 63

[Article by Henri Gibier: "Concrete Lacks Grey Matter"]

[Text] Of all trades, construction is no doubt one of those which expects the most from the "psychological impact" of the changeover. In terms of employment, it is also in this sector that a good dose of tax incentives, deregulation, and social flexibility may allow the future government to score some points. Even though it has been hard hit by a crisis which in a decade has reduced its workforce by 40 percent and the hours worked by 50 percent, the construction and public works sector remains one of the French economy's largest employers with one fifth of the industrial workforce.

Driving Force

In a recent Sedeis study, Claude Vimont, a professor at Sciences Po, recalled that in the United States where in particular the industry employs specialists, construction has been a driving force in the creation of jobs during the Reagan years. There the sector increased its workforce 7 percent between 1982 and 1984, contributing as much as 10 percent to the 7 million jobs generated during this period. And even as much as 15 percent in 1985 which saw a slowdown in industrial production. In France, that is far from being the case. According to Jacques Brunier, president of the National Construction Federation, the sector lost 30,000 more jobs last year, after losing 70,000 in 1984. Nevertheless, whereas there was a 4.5 percent drop in new buildings put up, there was a 2 percent increase in maintenance work.

This change in the services provided by the construction industry unfortunately translates into eventual change in training given. Despite the catastrophic consequences experienced since 1974, the need for training remains an important and remarkably stable one: 50,000 young people per year. Thus the joint trade association for continuing education (GFC-BTP) has just sent to "the most dynamic businesses" a series of pamphlets detailing the "shortages of skills in the construction and public works sector."

Not all construction related occupations have been affected by the decline. Among the most affected are those in the heating trade, with a 30 percent decline in 10 years, which represents 9,000 jobs, and especially masons, with a 15 percent drop, i.e., the loss of some 50,000 jobs. On the other hand, the

carpentry trade was virtually untouched, and the metalworking and roofing trades have continued to develop. The most affected trades are also those with the least training and the least qualified. "One must have specific knowhow, and also a good general education that enables one to do jobs that increasingly demand a degree of versatility," emphasized Rene Fayola, head of the GFC-BTP development department. At the present time, for lack of good general training, many old-fashioned locksmiths are out of work, whereas the security market is in the middle of a boom period, and offers many opportunities for those who have training in electricity. These are deficiencies which those who are pushing for a recovery by the construction industry should not overlook.

9824

CSO: 3519/151

ECONOMIC

GREECE

DEEP CHANGES SEEN PLANNED FOR PUBLIC ENTERPRISES

Athens TO VIMA in Greek 30 Mar 85 p 6

[Text] Government officials are visualizing public enterprises that will operate like private ones, pay their employees on an increased productivity basis, and hire and fire with free market criteria. These thoughts do not remain on a plane of theoretical visions, but are going to be reflected in the new legislative framework for the operation of public enterprises being prepared by the Ministry of National Economy.

The problems of public enterprises are being examined under a new light in the context of which the role of these enterprises is being redefined.

The government officials emphasize that not all public enterprises can be subject to the same concept of operation and point out the need of separating them into 3-4 categories, according to their sphere of operation.

With the new legislative system, the large public enterprises will be divided into categories such as public utilities, industrial, trade, etc. and each category will have a different "degree of freedom." In actuality, this will mean that certain public enterprises will operate like private corporations and, as a result, the employees will receive higher pay than those in the remaining enterprises; logically, however, they will not have the security offered them by the firing ban safeguarded by law.

In this category, in all probability, will fall enterprises such as EKO, EVO, the Greek refineries (ELDA), DEP, the Salonica International Fair (DETh), the Organization for the Promotion of Exports (OPE) and the Piraeus and Salonica Port Authorities (OLP and OLTh).

Autonomy and Flexibility

These same officials emphasize that these enterprises, which handle enormous amounts of money, and which for all practical purposes, move within the free market, must have greater flexibility.

They add that every public enterprise has its own founding legislation; however, the time has come to reexamine the legislative network that defines their operation and, in many cases, imposes suffocating bureaucratic controls, which do not ensure the objective, that is, a more productive operation of the enterprises.

Each year the enterprises, which in the future will have greater autonomy, will submit their budgets to the Ministry of National Economy's Secretariat of Public Enterprises where the substance of the yearly programs will be evaluated together with the overall policy of the administration and then, the results obtained by the end of the year will be reviewed. The daily management of the enterprise, the taking of significant management initiatives will be entrusted to the administrative ability of the officers who have undertaken the management of the enterprise.

On the other hand, in other public enterprises (public utilities, for example) their administration will be handled without any particularly daring innovations, with an autonomy that is limited by their own purpose, which is service to the general public. In these enterprises the government's remunerative policy will be strictly applied; however, job security will be assured.

In the meantime, even in enterprises in this category, the overriding concern is how to institute a wage system that compares pay with productivity. The implementation of this principle is not an easy matter because it has never been put into effect in Greece. The most feasible solution, which is being reviewed, is considered to be the monitoring of productivity by specific unit and not by the enterprise as a whole.

Officials of the Ministry of National Economy, who are preparing the new era of public enterprises, emphasize that these guidelines should not lead to the conclusion that the government is about to downplay the contribution of the employees in improving the solvency of the enterprises.

During these past few days six presidential decrees have already been sent to the Council of State to effect the socialization of an equal number of enterprises. They involve ELTA, EYDAP, the Port Authorities of Piraeus and Salonica (OLP and OLTh) and the two Salonica authorities of Water Supply and Drainage (OATH and OYTh).

Consequently, during the summer, elections will be held among the employees to elect their representatives to the new administrative organs of these enterprises (representative council, administrative council, etc.).

However, beyond the legislation for the socialization, which is apparently moving ahead, with the exception of the banking sector, there is a stated intention to rekindle the dialogue with the employees of the public enterprises.

The leaders, who are to set up regular meetings with representatives of the employees' associations, believe that the improved solvency of these enterprises can be achieved only with the cooperation of the employees.

Meetings have already been scheduled with the administrators of public enterprises three times a year (in January, June and December). Similar contacts will be legislated with representatives of the employees in order to keep the lines of communication open and clear.

9731
CSO 3521/128

ECONOMIC

GREECE

INFLATION, DEFICIT SEEN RISING IN 1986

Athens I AVYI in Greek 1 Apr 86 p 6

[Text] In its quarterly report on Greek industry, IOVE forecasts stagnation in industrial production and a drop in the secondary sector as a whole (because of a drop in construction, both public and private) in 1986. It forecasts a slight rise in the GNP on a scale of 1 percent, but this is due to a different evaluation of agricultural production than that of the government services. (IOVE believes that it dropped in 1985 and, therefore, will increase in 1986).

For the current year, IOVE also expects a "significant decrease" in domestic demand because of a drop in private consumption as well as a decrease in overall investments, with the probability of only a small rise in private investments towards the end of the year.

IOVE's forecasts on inflation are identical to those of the government: 23 percent on an average and 16 percent at the end of the year.

However, forecasts for the deficit of current business transactions are clearly unfavorable; it is set at about 2.3 billion dollars--higher than 1984--despite the drop in international petroleum prices because it estimates that the drop in the surplus in invisible transactions will continue by approximately 160 million dollars. This means that a loan to the tune of 2.4 billion dollars will be necessary this year and it warns that, in 1987 and 1988, because of the over-expansion of the country's exchange obligations, appropriate measures will be needed regarding the changes, to quote verbatim: "that must be applied in time to direct the economic and overall policy of the administration in order to have the possibility of avoiding the 'worst.'"

The report also expresses a lack of faith in the prospects of reaching, without deviations, the objectives of the monetary credit program in general and, more specifically, of the anticipated margins on the self-financing of businesses because the effect of the policy on income and the turning of capital into stock on the liquidity of the private sector is questionable.

Finally, concerning the 1985 developments, the report estimates, among other facts, that:

Imports increased by 14.6 percent (especially during the last 2 months of the year, excluding fuels, by 36.3 percent according to the balance of payments).

The GNP grew by 1 percent, overall consumption by 2.8 percent (the private by 2.4 percent) and investments by 3.6 percent (the private ones by 1.4 percent).

The workers' income increased by 22 percent (2-3 percent non-inflationary).

ECONOMIC

NORWAY

INDUSTRY ORGANIZATION PRESIDENT: OIL PRICES THREATEN GROWTH

Oslo AFTENPOSTEN in Norwegian 6 Mar 86 p 43

[Article by Kjell Aaserud: "Greater Effort Needed on Land"]

[Text] "In the event oil prices continue to decline, the action plan developed by the Industry Organization and the Norwegian Federation of Labor, calling for a 3-percent annual growth and 100,000 new jobs by 1990, will not suffice to maintain full employment and the present, or preferably improved, level of prosperity," said Birger B. Rasmussen, president of the Industry Organization of Norway. "Stronger land-based growth will be needed to compensate for the capital that may eventually be lost in the North Sea. The more oil prices decline--eventually leading to lower production--the greater the reliance on land-based industries."

The Industry Organization president is concerned about a change for the worse in the North Sea. The action plan for growth and employment was formulated when the oil situation was different than it is today. Furthermore, the projected goal of 3-percent growth in the first year--1985--was not realized, only 2.6 percent. However, this will not lead the Norwegian Federation of Labor and the Industry Organization to readjust their long-term goal.

Stepped-Up Tempo on Land!

"On the contrary, we must do all we can to step up the tempo of our land-based growth," said Rasmussen. "In the event the negative development continues in the North Sea, we have to instead discuss with the Federation of Labor what can be done to speed up our land-based efforts."

"What can be done to stimulate growth?"

"The infrastructure is extremely important. Among other things, this includes education, research, and physical factors like transportation and energy. The importance of education and research will be highlighted at the upcoming Industrial Forum. All of this, together with the disquieting cost development, are bottlenecks that must either be removed or expanded in order to reach not just the desired but completely necessary goals to meet our needs."

"We have to live with the fact that Norway is a problem country transportation-wise. There is only one way to go--to increase our appropriations to the transportation sector--to lessen the problem. The Oslo area and major state highways are important, but we must not overlook our secondary roads nor the Norwegian State Railways. Our transportation economy must be given greater priority. Our railroads must be upgraded in terms of appropriations. Even if we were to greatly increase our appropriations to the transportation sector, we would still be in an inferior position with respect to competing nations.

Growing Energy Needs

"What concerns us more than anything else at this time is the energy situation and the price of energy because of the upcoming parliamentary debate on the energy report and the overall national energy plan. Naturally, we are fighting to keep the advantages we now have as far as energy is concerned, but which unfortunately have gradually become quite watered down and are now deterring industry's ability to invest and compete. Even with the North Sea development, the need for more energy at the right price is greater than ever.

"It is our impression that industry fully understands the necessity for moving ahead faster with the development of energy. Our strength lies in the ability to supply the politicians with documented needs, not just wishes. Our energy needs have been adjusted downward. We already have a power shortage of 2 billion kilowatt-hours. We must not allow it to get worse. It cannot be the authorities' wishes to ration money to the point where industry can no longer operate.

"The only industry that experienced growth from 1980 to 1985 was the energy-intensive industry--let us call it the processing industry. The wood-products industry is part of the processing industry, and it grew in spite of much competition. All other industries experienced stagnation or decline, in spite of the processing industry's positive ripple effects. The situation today necessitates growth in all sectors wherever possible, also in presently little-developed industries.

Have the Potential!

"The action plan developed by the Industry Organization and the Norwegian Federation of Labor is based on the assumption that industry, in need of energy, will have an additional 3 billion kwhs at its disposal. If not, other industries must do without almost the same amount of energy. The government has declared that energy will not be a stumbling block--but, unfortunately, we must say that the government has repeatedly underestimated our needs. With a 30-percent increase in energy, industrial production will go up by 50 percent, provided that the electricity is priced right. We have the potential for further growth. A reduction in the energy supply or unacceptably high prices will cause things to go the other way. Consequently, energy-intensive industries will have to consolidate their production among fewer plants. This will affect Norwegian districts. There is no other way for industry to survive."

Rasmussen is a man who usually does not use strong language; his strength lies in documentation--persuasion in terms of facts. As Norwegian industry's top representative, he must plan ahead. This he does by giving examples of how Norway as an industrial nation could price itself out of the competition based on one important factor--energy. Rasmussen is a wood-products man so it is convenient for him to give examples from this sector. Sweden acquired two large newspaper machines in 1985 that use more energy than their predecessors. The additional energy price for one machine is 17.6 ore, for the other 14.9 ore. It looks like the price for such additional capacity in Norway would be more than 20 ore.

Hoping for Agreement

"By comparing ourselves with our competitors, we are paying too much," said the Industry Organization president. "We cannot have a special Norwegian price system and energy cost level. You do not develop energy with a view toward increased state income. Additional energy should serve industry as to make it competitive. I hope that politicians can agree on the important things and give priority to matters that can stimulate industrial growth long term. This is of the greatest importance to our nation's economic development. I hope that when the need for additional energy comes up for debate in Parliament, someone will speak up for water power projects, which will be cheaper to build than the projects mentioned in what is called Category One. At this time, very little is known about the eventual development of gas energy; therefore, we cannot use this as an excuse not to force the development of electric power to complement nuclear power.

"I am concerned about the future development of industry, although Norway has the potential for growth," said Rasmussen.

The cost factor is one reason for his concern. "In this connection we cannot ignore the matter of wages. We hope that the result of the tariff revision will lead to realism and quite different demands than what have been proposed. This also applies to the public sector. It is impossible to generate enough capital to meet these ambitious demands."

8952/12232

CSO: 3639/85

ECONOMIC

SPAIN

U.S. MILITARY WITHDRAWAL SEEN HARMFUL TO UNIVERSITIES

Barcelona LA VANGUARDIA in Spanish 23 Mar 86 p 17

[Article by Lluís Amigué]

[Text] The U.S. Government has invested more than 4 billion pesetas in research, cultural activities and education in Spain since the Friendship and Cooperation Agreement was signed between Spain and the United States. This aid is one of the benefits, today indispensable for many university departments, that the United States offers in exchange for the use of bases in Spain. The renegotiation of the terms on which the U.S. Army may use these military installations, and the possible reduction of that usage, give rise to doubts about the future of this aid. The withdrawal of U.S. troops from Spanish territory would have as an immediate effect the loss of considerable economic compensation paid to universities and research teams.

Barcelona--If the U.S. bases in Spain were shut down, universities and research centers would lose the aid they receive from the U.S. Government under the cooperation agreements signed by the two countries. Last year that aid amounted to \$12 million. Since the Friendship and Cooperation Agreement was signed, our country has received more than 4 billion pesetas in subsidies for research, cultural activities and education.

Many university departments are now dependent on this money, which is called, with a touch of irony, "the base money." These departments now consider this source of funding indispensable for renewing library holdings, financing research projects, or subsidizing studies.

Thomas Middleton, a U.S. official who is responsible for much of the aid program, assured LA VANGUARDIA that "there is practically no Spanish university or research center that has not directly or indirectly received assistance from us in some way, or is not receiving it now."

This newspaper has learned that as a result of negotiations with the administrations of several Spanish universities, the centers of higher learning have no control over the aid; the committee in charge of granting the funds is solely responsible for the use to which the money is put.

Intelligent Investment

The U.S. investment is not money poured down a rathole. An indication of U.S. officials' skill in making their government's money work for them can be seen in the "small print" of the contracts. There is one clause that stipulates that institutional aid must be used to obtain capital goods.

The capital goods so obtained may be purchased in Spain only if the total amount of the aid does not exceed \$2,500 (about 350,000 pesetas). Otherwise, they must come from the United States. The scholarships and trips must be to the United States, of course, so the money always stays at home. If the scholarship recipient turns out to be a "crack," then the money still stays at home . . . on the other side of the Atlantic. In other words, the Americans manage to make a profit on their aid (which is already profitable because of the bases); the money comes back to them when the investment exceeds 500,000 pesetas.

"We should not be surprised," says a department professor who prefers to remain anonymous because he hopes to receive such aid again, "if we discover that the majority of the books on the shelves in our seminary are published by Illinois Press, Harvard, Berkeley or any other of the presses that put out so many good titles by the best Hispanicists, which they have been unable to have published anywhere else."

U.S. Supervision

The aid program that accounts for the lion's share of the funds provided under the agreement finances joint applied research projects. To obtain funding, a project must include a principal researcher from the United States and another from Spain. A total of 91 teams are receiving 4.625 billion pesetas, although in some cases this amount is spread out over five annual payments. Another sum of 462 million pesetas is used to finance basic research projects, involving 33 teams.

The aid has also served to finance researchers' individual work; each one receives 37 million pesetas. In addition, there are highly coveted scholarships amounting to almost 5 million pesetas (\$25,000) to engage in further studies for 6 months. This is a tidy little sum for Spaniards, who are used to Education Ministry scholarships of just 30,000 pesetas a month before obtaining the licenciature degree, and 60,000 pesetas a month for a doctorate.

"Our aid," explains Thomas Middleton, "goes almost entirely to students who travel to the United States to improve their education, because only a small portion is earmarked for U.S. citizens who come to study in Spain."

War Surplus

"The proceeds from certain war surplus items stored in Europe could be used to provide scholarships, trips or other cultural exchange aid." This is how Senator J. William Fullbright began the proposal which he submitted to Congress in August 1946. Twenty years later, Fullbright is a name that

embodies the aspirations of hundreds of brilliant and promising youths who dream of "doing the Americas," campus by campus.

Despite the scholarships bearing that name, however, no American scholarship or aid was sent to Spain until 1954, when Public Law 480 was passed by the 83rd U.S. Congress. This law regulated the use of agricultural surpluses. Thirty years later, three powerful Spanish banking institutions and the Ministry of Health and Consumption are participating in the financing of the coveted Fulbright scholarships.

NATO Research

After Spain's entry into NATO, now sanctioned by the referendum, U.S. funds have reached Spanish researchers and universities through a series of scientific programs.

"Collaborative Research Grants," "Advanced Study Institutes," "Advanced Research Workshops," and "Double Jump Programme" are the names of these programs, which enable researchers to obtain grants on a variety of terms. The funds come from NATO budgets. The Scientific Affairs Division (SAD) is responsible for organizing these programs. MILITARY SPACE magazine is a showcase periodical that touts some of the accomplishments resulting from these subsidies.

After the referendum, the consolidation of Spain's presence in NATO will result in a considerable increase in Spanish participation in such research projects. The NATO Command, through SAD, will issue the directives it deems appropriate, and committees of scientists will decide on the "scientific merit of each application," according to the NATO guide for scientific programs.

Lost Rent if Mr Marshall Goes Home

According to figures provided by the U.S. Embassy, the American presence in Spain entailed a total investment of \$159 million (more than 28.620 billion pesetas at the time) in 1984. Ministry experts, however, estimate at about 8 billion pesetas the "rent" Spain would have to absorb if the bases were turned over completely to Spain.

Spanish researchers and universities would suffer the most from the loss of this rent. Up to this year, 182 institutions and university departments have requested aid under the Spain-U.S. cooperation programs, although only 74 have obtained the dollars.

Even though Spain remained outside the Marshall Plan, during the 1950s successive cooperation treaties were signed with the United States, each being renewed upon expiration. Investment in education and culture, however, was much lower than it is now.

In 1976, the Treaty of Friendship and Cooperation between Spain and the United States created two joint committees: the Hispano-American Education and Culture Committee, and the Joint Hispano-American Scientific and Technological Cooperation Committee. The Education and Culture Committee invested 500

million pesetas in scholarship and aid, while the research committee employed 900 scientists.

The treaty expired in 1982 and was extended (the Spanish Socialist Workers Party was in office by that time) until May 1983. With Spain in NATO, it appeared that the nature and objectives of these treaties would change. There were changes, but only nominal ones.

An article of the United States Constitution prohibits presidents from signing more than one cooperation treaty with the same country. Spain was already a member of NATO. The solution was simple: The treaty was called an "agreement," and thus was born the first Friendship, Defense and Cooperation Agreement between the United States and Spain.

8926

CSO: 3548/45

ECONOMIC

SPAIN

EL PAIS FORESEES END TO INDUSTRIAL SUBSIDIES

Madrid EL PAIS in Spanish 6 Apr 86 p 46

[Article by Enric Gonzalez; passages enclosed in slantlines printed in boldface]

[Text] Barcelona--The prolonged industrial crisis, the difficult process of reconversion, and the attempt to force the country to reindustrialize so that we will not remain so far behind our new European partners, have led the Spanish public administrations to create a labyrinthine network of business aid. Without a clear philosophy or even coordination among the administrations, the broad map of public actions is complicated even for specialists. But the complexity of the /aid map/ is a minor problem compared to some others that have cropped up. In the first place, most experts agree that subsidies are futile. In the second place, the European Community (EC) forbids them. And finally, some communities help their businesses more than others, which leads to not a few distortions.

A brief review of the amounts earmarked for business development and job creation suffices to gain an idea of the dimensions of this policy. The Basque Country has allocated more than 8 billion pesetas to aid small and medium-sized businesses, and will set aside another 30 billion pesetas for its 3-year recovery plan. Last Friday a new 17.5-billion-peseta pact between the Basque Government and all the banks and savings institutions was approved. Catalonia has invested 2 billion pesetas in promoting job training, energy savings, and boosting depressed areas. Galicia has spent nearly 2 billion pesetas in the last 2 years. Andalusia has spent 6.5 billion pesetas over 3 years. The Valencian Community and the Madrid Community are operating with about 2 billion pesetas also. The rest of the autonomous communities are spending no more than 1 billion pesetas. Now, when the level of aid is practically at the limit, our membership in the EC requires a drastic change in this policy.

The Basque Country is the target of all those who criticize the alleged undermining of EC norms. The major financial capacity of that autonomous community is reflected in the sums involved: 32 billion pesetas for the 3-year Industrial Recovery Plan, and 52 billion pesetas to be invested over the next 3 years. In addition, the severe crisis affecting its industrial

apparatus, which is almost exclusively dependent on iron and steel, has inspired an aid policy unmatched anywhere else in Spain.

Jesus Alberdi, director general of the Corporation for Industrial Promotion and Reconversion in the Basque Country, comments that "in fact, our membership in the EC should mark the end of an era when public monies /rained down/ on business." Alberdi agrees with the majority of experts who say that "in general, subsidies are not very useful, and in quite a few cases they encourage businesses to get into mischief rather than fomenting true business development." For this reason, the Corporation for Industrial Promotion and Reconversion, which adheres to "private sector criteria," proposes that from now on a program of /soft/ aid be pursued. In the parlance of experts, /soft/ refers to indirect technical assistance: from the formation of economic and business data banks to consultation on financial matters or the training and recycling of business managers, including the creation of mechanisms designed to facilitate exports or the establishment of risk-capital enterprises. The opposite of this, /hard/ aid, consists of subsidies, money, and in general anything that can be considered part of the businesses' tangible assets.

Maintaining Employment

Alberdi expresses skepticism, however, regarding the end of the /era of subsidies./ "The political administrations," he says, "should undertake actions that are of debatable real benefit but that are socially necessary. These actions should be aimed at maintaining employment levels, even if artificially, or at shoring up industries whose downfall would have serious social consequences." One indication of this could be the Exceptional Recovery Plan promoted by the Basque Department of Industries and Trade for the metallurgical, paper, machinery and auto parts sectors. This plan, for example, calls for subsidies of up to 400,000 pesetas per job maintained (the money is used to finance severance pay for the jobs not maintained in the business in question), fixed asset investment subsidies of up to 30 percent of the amount of investment, and research subsidies covering up to 40 percent of the cost, among others. This aid, which is not extended to other businesses, could undermine EC legislation.

The Generalitat of Catalonia, which has less in the way of financial resources and whose industrial situation is not as severe as the Basque Country's, decided to put its house in order in anticipation of Spain's entry into the EC. Its industrial policy mechanism, the Center for Information and Business Development (CIDEM), commissioned the Catalanian Pro-Europe Foundation to write a report on the legality or illegality of its various development projects. Joaquim Llimona, the foundation's legal adviser, strongly recommended against some of the items proposed by CIDEM, such as the possibility of favoring investments in Catalanian materials over those coming from other areas.

Joaquim Pujol, CIDEM director general, took note of the report and rectified most of the aid programs that could be considered illegal. Pujol claims that "the Generalitat's industrial policy is now perfectly compatible, except for some minor details perhaps, with the EC's standards." CIDEM, like the Basque Corporation for Promotion and Reconversion, has taken the /soft/ route. Until

last year there was a program of subsidies called Investment Promotion that involved 114 million pesetas; now that fund has run out.

The major innovation in CIDEM for this year is the Catalanian Risk Capital Corporation, which is made up of CIDEM and the Catalanian savings institutions. The Basques have set up a similar entity known as Risk Capital Activity, and private investment funds have already begun to come in.

With its confidence in private investment, the Corporation for Promotion and Reconversion wants to chase away a specter that is hovering over the autonomous communities which are investing public monies in private businesses, in the form of either risk capital or simple shares: the possibility that the anticipated withdrawal of capital may not be done in time, and a network of semi-public, autonomous enterprises may be formed, a kind of /regional/ National Institute of Industry (INI). They could, according to the experts, act as a fatal drag on the autonomies.

8926

CSO: 3548/45

- END -

END OF

FICHE

DATE FILMED

JUNE 11 1986

11/6